

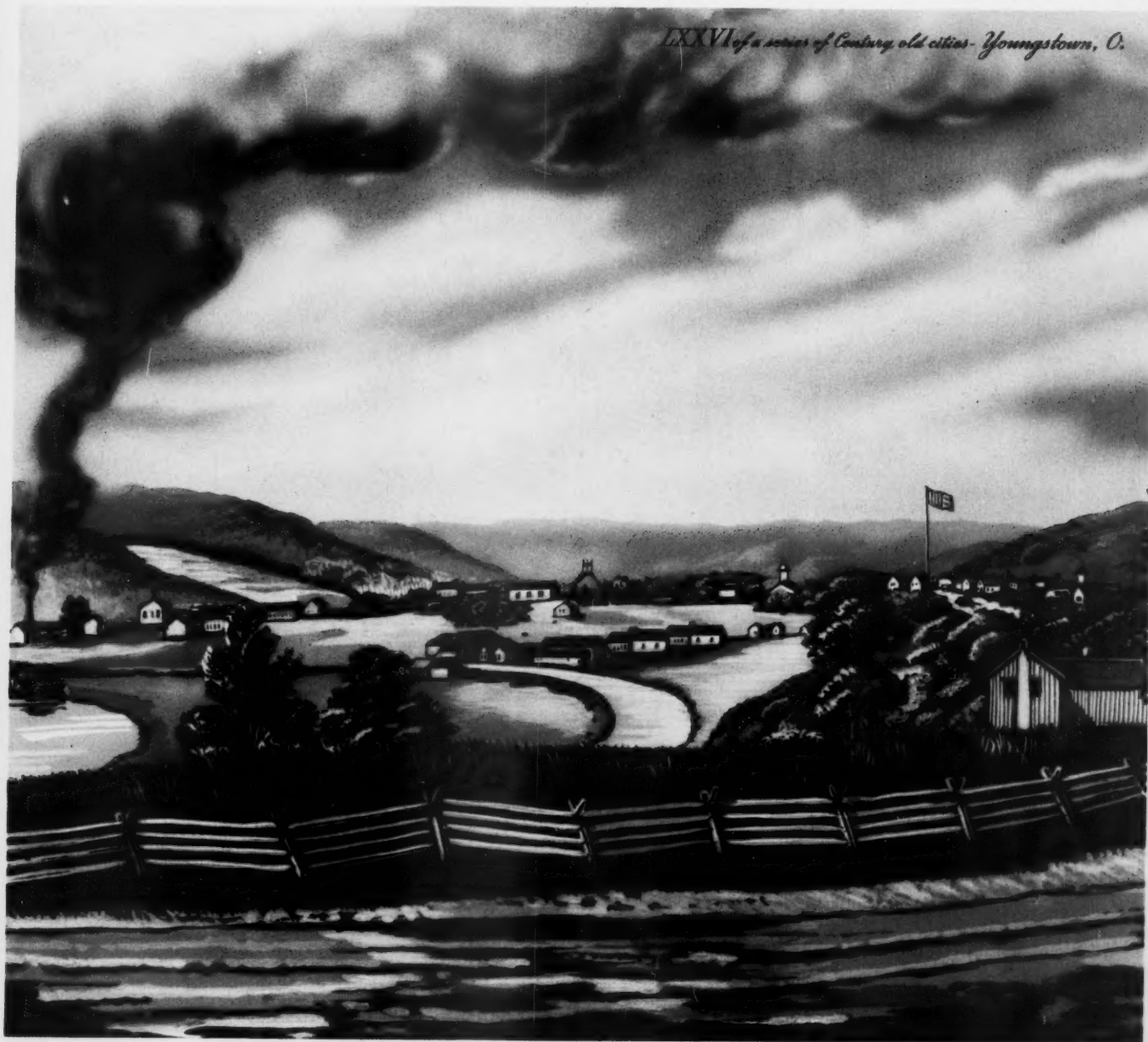
# DUN'S REVIEW

*Published by*  
DUN & BRADSTREET, INC.  
ESTABLISHED 1841

*Thirty five cents*

*May 1943*

*LXXVI of a series of Century old cities - Youngstown, O.*



*Let's Tackle the First Post-War Problem, Now — Roy A. Foulke*  
*Business Conditions Summarized . . . Regional Trade Barometers*

HELPING GUNNERS SEE THE INVISIBLE!



**IT TAKES GOOD EYESIGHT**, and good instruments, to hit targets you can't see! Coast defense gunners and the boys in the battleship turrets almost never see what they're aiming at, and field artillery gunners seldom do. The latter compute the range by expert triangulation on a reference point that can be seen. Such sights must be even more accurate than for direct firing!

Thus Mergenthaler, famous half a century for its linotype machines, has turned its skilled workers and precision machinery to the making of artillery fire control instruments. And Mergenthaler called upon York engineers,

York technical skill and York experience in industrial air conditioning to provide a controlled, cool, dry dust-free climate for the assembly of these instruments. Here, perfect control of the air is vital to eliminate the chance of trapping dust or condensation between lenses, and thus, essential to speedy production. Equally important, it assures U. S. and Allied gunners in far places that when they're on the reference point, they're on the target. York Ice Machinery Corporation, York, Pennsylvania.



**YORK** REFRIGERATION AND AIR CONDITIONING FOR WAR

HEADQUARTERS FOR MECHANICAL COOLING SINCE 1885



CUSHING

## Contents

### Let's Tackle the First Post-War Problem, Now - - - - - 7

THE IMPORTANCE OF REGULATION V LOANS IN RELATIONSHIP TO TERMINATION OF WAR CONTRACTS

ROY A. FOULKE  
Manager, Specialized Report Department  
DUN & BRADSTREET, INC.

### Can We Allot Manpower by Voluntary Methods? - - - 15

THE MONTHS IMMEDIATELY AHEAD WILL SEVERELY TEST "INDIRECT SANCTIONS," SO FAR ADEQUATE

WILLIAM HABER  
Director, Bureau of Program Planning  
War Manpower Commission

### The Trend of Business - - - 20

UNEMPLOYMENT DROPS CLOSE TO IRREDUCIBLE MINIMUM; INDUSTRIAL PRODUCTION STILL INCREASING

### Trade Activity—A Regional Summary - - - - - 22

CONSUMER BUYING AT PEAK IN 20 REGIONS. TRADE REPORTS BY LOCAL DUN & BRADSTREET OFFICES

### Significant Business Indicators 24

MARCH BANK CLEARINGS HIGHEST SINCE 1930; COMMODITY PRICE INDEX DECLINES SLIGHTLY

### Failure Drop Slackens in March 25

FALL OFF IN MOST SECTIONS; SUBSTANTIAL INCREASE IN NEW YORK; MANUFACTURING FAILURES UP

### Public Relations . . . Who Makes Them? - - - - - 38

WILLARD L. THORP  
Editor, DUN'S REVIEW

DUN'S REVIEW, May 1943. Published monthly by DUN & BRADSTREET, INC., 290 Broadway, New York, N. Y. . . . Vol. 51, No. 2181. . . . \$4 a year. . . . Member C.C.A. . . . Copyright 1943 DUN & BRADSTREET, INC. . . . Printed in U.S.A. . . . Frontispiece "Apple Blossoms," by Cushing.

## The Cover

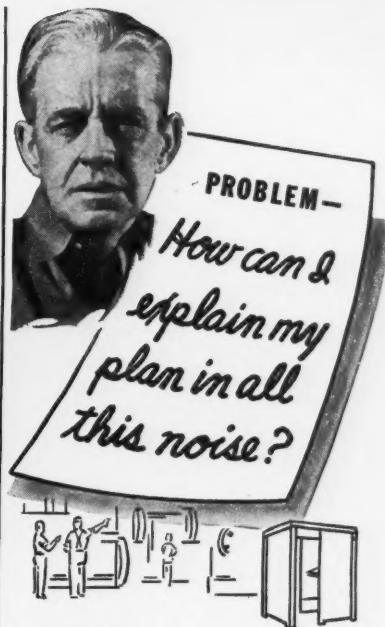
On both sides of the Mahoning River lying between Cleveland and Pittsburgh, about 65 miles from each, is Youngstown, Ohio, the center of one of the largest iron and steel districts in the country. The town was named after John Young of New Hampshire who in 1796 bought a tract from the Connecticut Land Company where the city now stands and lived on it from 1799 to 1803. The public square donated by Young in 1802 is still the center of the city's industrious life.

William Hillman made the first settlement here in 1796. Youngstown became a township in 1802, was incorporated a town in 1848, and was chartered a city in 1867. Daniel Eaton first mined iron in the vicinity in 1803 and in 1804 built the first blast furnace north of the Ohio River and west of Pennsylvania. In 1826 he also built the first furnace within the present limits of Youngstown.

With a population of only 15,435 in 1880 the city has grown rapidly. Between 1900 and 1920 the population increased threefold as did the city's area. The 1940 population was 167,720.

Youngstown's 144 manufacturers produced goods valued at \$188,719,969 in 1939. Retail sales totalled \$79,848,000 in 1,975 stores; 257 wholesalers did \$64,229,000, and 834 service stores took in \$5,311,000. Besides iron and steel, manufactures include mill machinery, bearings, fireproof office equipment, cement, gypsum products, and electrical machinery.

The print reproduced for the cover of DUN'S REVIEW shows the city in 1846 and was drawn by Henry Howe. It appears through the courtesy of The Youngstown Arc Engraving Company.



## SOLUTION—

### Special Conference Booth Gives "Zone of Quiet"

In round-the-clock production of busy factories, ear-splitting machinery noise is inevitable in many departments. Workers or foremen who have to discuss or explain plans in this din must either resort to Indian sign language or go off to some distant part of the plant in order to make themselves heard.

Burgess acoustic engineers saw the need for a comparatively quiet spot which could be located even in the noisiest manufacturing departments. Using walls of patented Burgess acoustic construction, they perfected a scientifically designed "conference booth" about six feet square. It has two doorless entrances to allow easy access, yet provides a zone of comfortable quiet where men can talk or telephone and be heard clearly. When wartime restrictions are lifted, it will again be available to facilitate production of those new models we're all looking forward to.

BURGESS PIONEERING in acoustic development has provided many other quieting devices to aid the war effort. Over 20 years' experience has made it possible for the Acoustic Division to successfully engineer products ranging from engine exhaust silencers to acoustic office ceilings. Why not write us of your noise difficulties? Acoustic Division engineers may already have worked out the solution to your problem.

**BURGESS**  
*Acoustic*  
**DIVISION**

Acoustic Division, Burgess Battery Co., 2817-N W. Roscoe St., Chicago







HUNDREDS OF ENGINEERS AT LOCKHEED PLANT IN BURBANK, CAL.—HARRIS & EWING

## LET'S TACKLE THE FIRST POST-WAR PROBLEM, NOW

*Termination of War Contracts; How Producers Can Mitigate Their Shock by Taking Greater Advantage of Regulation V Loans; Extent of These Loans; Other Post-War Problems; Proposed Remedies.*

ROY A. FOULKE

*Manager, Specialized Report Department  
DUN & BRADSTREET, INC.*

THE time will finally arrive, either with the armistice in Europe or with the armistice in Asia, when an appreciable number of the 80,000 prime and subcontractors estimated by Under-Secretary of War Robert Patterson will feel the immediate, vital, and in many cases, overwhelming effects of the contraction in business by the complete or partial cancellation of their war contracts by the War Department, the Navy Department, and the U. S. Maritime Commission. Here is the initial post-war critical problem, a problem which should be challenging our collective ingenuity today while this greatest of all conflict wages.

A moderate size manufacturer of underwear that can use the same machinery for peacetime operations as for wartime operations, that is in a strong

liquid financial condition, and that has only 20 per cent of its output represented by production for our armed forces would be only moderately affected by the cancellation of its war business at the end of hostilities. A manufacturer of airplane parts, on the other hand, that has been in extended financial condition since its inception 32 months ago and that has been operating 100 per cent on war work continuously might suddenly find that all of its orders, like the Indian boy on the Hindu rope trick, had completely evaporated into the rarefied atmosphere. Between these two extremes are thousands and thousands of business enterprises, particularly peacetime producers of automobiles, farm machinery, radios, railway equipment, and durable goods of every kind, size, and

shape, that will be affected in varying degrees by the complete or partial cancellation of their war orders.

The immediate problem presented to the managements of these business enterprises by the ending of the war will be more than the problem of retooling and of converting machinery, which has been used to produce war materials and supplies, to produce goods for peacetime consumption. It will be the collateral and the all too practical problem of financing that retooling and that conversion when working capital is largely or entirely frozen in raw materials, materials in process, finished merchandise, and in receivables due from the Federal Government and from prime contractors for war work. It will be the problem of doing these things without knowing when cash

[7]

will be received on account or when a final settlement will be obtained.

If World War I is any criterion, settlements in most cases will take months and, in some cases, years.

Here is the critical outlook for business enterprises, whether prime contractors or subcontractors, with frozen or largely frozen current assets. Here is the great initial problem, comes V-day, to the managements of thousands of business concerns in every State in our Union. Simultaneously, the Treasury Department will be confronted with the difficulties of prime contractors and of subcontractors that have little or no cash, and frozen or largely frozen current assets, in paying Federal income and excess profit taxes for the last year of the war.

Some effective shock-absorber will be vitally needed during this dramatic interval to smooth the way of readjustments of prime contractors and subcontractors, to peacetime operations.

## I. TERMINATION CLAUSES

At the present time, industry is producing \$6,000,000,000 of war materials and supplies each month. Before another nine months will have passed that figure will be upped to \$8,000,000,000. This tremendous output is being produced under contracts signed by the War Department, the Navy Department, and the U. S. Maritime Commission with prime contractors located in all parts of the country. Probably one-third of the output, in turn, is being produced by subcontractors for prime contractors.

Practically all prime contracts contain what are known as termination clauses. These clauses explain the obligations between the Federal Government and prime contractors in case contracts are cancelled at the convenience of the Government, a contingency which will materialize to a great degree with the signing of the armistice. At the end of World War I, 35.4 per cent of the dollar

amount of outstanding war contracts was cancelled within one month. These termination clauses are inserted for the mutual protection of the Federal Government and the prime contractor. The contractor, on the one hand, must be fairly and adequately recompensed, and the Government, on the other hand, must have value received and not overpay.

Variable termination clauses have been inserted by each of the three agencies of the Federal Government into their war contracts.<sup>1</sup> In general, these clauses provide that the prime contractor shall be reimbursed "for all supplies, including spare parts, drawings, information, and other things . . . to which title has been received by the Government . . . and for which payment has not previously been made." In December, 1942, the War Department revised its typical termination clauses. The revised clauses provide that compensation shall be paid for the *uncompleted portion of contracts* as follows:

The Government shall pay to the Contractor such sum as the Contracting Officer and the Contractor may agree by Supplemental Agreement is reasonably necessary to compensate the Contractor for his costs, expenditures, liabilities, commitments, and work in respect to the uncompleted portion of the contract so far as terminated. The Contracting Officer shall include in such sum such allowance for anticipated profit with respect to such uncompleted portion of the contract as is reasonable under all the circumstances.

If the Contracting Officer and the Contractor, within 90 days from the effective date of the notice of termination, or within such extended period as may be agreed upon between them, cannot agree upon the sum payable under the provisions of the preceding paragraph, the Government shall compensate the Contractor for the uncompleted portion of the contract as follows:

1. By reimbursing the Contractor for all actual expenditures certified by the Contracting Officer as having been made with respect to the uncompleted portion of the contract;
2. By reimbursing, or providing for the payment or reimbursement of, the Contractor for all expenditures made with the prior written approval of the Contracting Officer in settling or discharging that portion of the outstanding obligations or commitments of the Contractor which had been incurred or entered into with respect to the uncompleted portion of the contract; and
3. By paying the Contractor, as a profit on the uncompleted portion of the contract insofar as a profit is realized hereunder, a sum to be computed by the Contracting Officer in this manner:

<sup>1</sup> At the present time a joint committee of representatives of the War Production Board, the War Department, the Navy Department, and the U. S. Maritime Commission is formulating uniform termination clauses to be used by all services.



ANTI-AIRCRAFT PRODUCTION LINE—HARRIS & EWING

*"Regulation V, while a little late in arriving on the scene, solved the problem of providing bank credit facilities to subcontractors. It also solved critical collateral problems."*

A. The Contracting Officer shall estimate the profit which would have been realized on the uncompleted portion of the contract if the contract had been completed and labor and material costs prevailing at the date of termination had remained in effect.

B. Estimate, from a consideration of all relevant factors, the percentage of completion of the uncompleted portion of the contract.

C. Multiply the anticipated profit determined under "A" by the percentage determined under "B." The result is the amount to be paid to the Contractor as a proportionate share of profit, if any, as above provided.

The first paragraph quoted above was contained in the December, 1942, revised termination clauses of the War Department for the first time. That

paragraph provides for a settlement by mutual understanding; if that mutual understanding cannot be agreed upon, then computation for reimbursement is made in accordance with the formula described in the succeeding quoted paragraphs. The revised clauses also contain the following interesting paragraphs regarding payment on account.

The Government shall promptly make partial payments to the Contractor:

1. On account of the amounts due under the above paragraphs to the extent that, in the judgment of the Contracting Officer, such payments are clearly within the amounts due under such paragraphs, and

2. Of such amounts as the Contracting Officer may direct, on account of proposed settlements of outstanding obligations or commitments, to be made by the Contractor, if such settlements shall have been approved by the Contracting Officer and subject to such provisions for escrow or direct payments to the persons entitled to receive such settlement payments as the Contracting Officer may require.

In cases where contracts recently were about to be terminated under old termination clauses the War Department has allowed the substitution of these new clauses in existing contracts. By this technique arrangements could be consummated for reimbursing the contractor by partial payments, that is, by a substantial initial payment, and subsequent periodic smaller payments as controversial points were settled by negotiations.

Occasionally, but only occasionally,

there are somewhat similar termination clauses inserted in the contracts of subcontractors with prime contractors. Whether or not such clauses have been included, the subcontractor in theory is supposed in case of cancellation to bill the prime contractor on the same basis as that upon which the prime contractor is protected. The prime contractor then includes these charges in computing his over-all charges for his contract reimbursement from the Government.

## II. FINANCING CONTRACTORS

Manufacturers in healthy financial condition have never had difficulty in obtaining adequate short-term credit from their depository banks. This was particularly so with strong manufacturers engaged in turning out war materials and supplies in the early dawn of our "defense" economy. As our defense economy hydro-meshed into our war economy at high gear after the tragedy of Pearl Harbor, the customary credit standard of commercial banking institutions were modified by progressive bankers under the tremendous pressure of the emergency. Because their plant facilities had been largely turned over to the production of essential war or-

ders, either as prime contractors or as subcontractors, bank loans were extended to many manufacturers that had previously been considered questionable credit risks.

If the thorough analysis of the credit responsibility of a manufacturer of war materials or supplies indicated that a prospective loan might not be adequately protected on the straight paper of the borrower, the banker naturally sought security for his extension of credit. Reasonable credit standards for bank accommodation could not be completely ignored without laying the foundation for a breakdown in the credit structure of our country which might rival the economic derangement of 1932. The security might represent the endorsement or the guarantee of the officers and directors if the enterprise was a corporation, the discounting of notes receivable, the assignment of accounts receivable, a mortgage on real estate and buildings, the pledge of merchandise, of securities, or the cash surrender value of life insurance, of the stock interest in subsidiaries, or the assignment of proceeds due under the war contract.

In some unusual case, the banker might finally decide after the thorough study of a situation, that even with such additional security as might be avail-

*"Peacetime credit rules and standards no longer could hold up the production of war materials and supplies where plant facilities were available; wherever necessary credit would now be partly or wholly guaranteed by the War Department, Navy Department, or U. S. Maritime Commission."*

CUSHING



# INDUSTRIAL ADVANCES BY FEDERAL RESERVE BANKS

Date <sup>1</sup>	Applications Approved		Advances Out- standing <sup>2</sup>	Commit- ments Out- standing	Partici- pations Out- standing
	Number	Amount			
1934.....	984	49,634	13,589	8,225	1,296
1935.....	1,993	124,493	32,493	27,649	8,778
1939.....	2,781	188,222	13,683	9,220	10,981
1940.....	2,908	212,510	9,152	5,226	6,386
1941.....	3,202	279,860	10,337	14,597	19,600
1942: Jan. 28	3,224	281,617	9,752	14,272	19,388
Feb. 25	3,241	292,905	9,227	14,921	19,924
Mar. 25	3,261	297,945	9,312	14,364	19,086
Apr. 29	3,300	313,660	10,699	11,673	22,710
May 27	3,337	325,507	11,464	14,378	23,384
June 24	3,352	338,822	11,265	16,832	26,430
July 29	3,376	344,770	12,619	15,989	25,284
Aug. 26	3,388	352,675	14,833	16,720	25,295
Sept. 30	3,394	364,916	15,882	12,187	23,180
Oct. 28	3,399	377,306	14,934	11,572	20,983
Nov. 30	3,415	393,679	15,465	10,876	18,880
Dec. 31	3,423	408,737	14,126	10,661	17,305
1943: Jan. 30	3,432	434,638	12,897	12,160	23,915
Feb. 27	3,440	446,319	13,717	12,117	23,177
Mar. 31	3,443	459,296	13,182	13,143	20,316

# WAR PRODUCTION LOANS UNDER REGULATION V<sup>3</sup>

Date	Guaranteed Loans Authorized		Guaranteed Loans Outstanding	
	Number	Amount	Total Amount	Portion Guaranteed
			Thousands of Dollars	
1942				
May 31.....	282	100,290	..... <sup>4</sup>	..... <sup>4</sup>
June 30.....	565	310,680	81,108	69,674
July 31.....	932	509,012	151,154	131,097
August 31.....	1,329	705,842	294,720	244,532
September 30..	1,658	944,204	427,918	356,677
October 31....	2,023	2,227,704	527,186	439,989
November 30..	2,327	2,367,297	644,558	520,869
December 31...	2,665	2,688,397	803,720	632,474
1943				
January 31....	2,961	2,999,731	974,083	768,249
February 28...	3,198	3,479,672	1,040,828	828,221
March 31.....	3,534	3,725,241	1,245,022	998,774

<sup>1</sup> Last Wednesday or last day of period.

<sup>2</sup> Includes industrial advances past due three months or more, which are not included in industrial advances outstanding in weekly statement of condition of Federal Reserve Banks.

<sup>3</sup> Guaranteed by War Department, Navy Department, and Maritime Commission through Federal Reserve Banks.

<sup>4</sup> Not available.

able, a potential loan to a particular prime contractor or a particular subcontractor might not be sufficiently protected even under the more liberal views of our war emergency, to represent a modified normal banking risk.

The operating management of such an industrial concern engaged in war work, in lieu of a loan from a commercial bank or trust company, could make application to a Federal Reserve Bank, to the Reconstruction Finance Corporation, and if a relatively small concern to the Smaller War Plants Corporation, as these institutions do not need nor require the same degree of liquidity as commercial banks and trust companies. These institutions have been, and are, well able to extend loans to marginal credit risks engaged in strategic war production processes; outstanding loans and commitments of the Federal Reserve Banks, however, being limited to \$139,299,557 and for working capital purposes, and loans of the Smaller War Plants Corporation being limited to a revolving fund of \$150,000,000.

If necessary banking credit could not be obtained from a Federal Reserve Bank, from the Reconstruction Finance

Corporation, or from the Smaller War Plants Corporation on any basis, an application could be made for "partial or progress payments" from the Federal Government. "Partial or progress payments" are used as a substitute for, or as a supplement to, the use of credit from banking institutions.

## Pay Prime Contractors

Under a partial or progress payment plan, a prime contractor, but *only* a prime contractor, would receive payments, from time to time, from the War Department, the Navy Department, or the U. S. Maritime Commission, as stipulated work had been completed on a particular project,<sup>2</sup> and then use these funds to repay or to reduce credit which had been obtained from other sources, primarily mercantile sources. This method of financing has been used far less by the War Department than by the Navy Department or the U. S. Maritime Commission due, (1) to the fact that title must be taken on work in process and great difficulty would often be involved in the segregation of Government owned property in process of

<sup>2</sup> Partial or progress payments are used principally in the financing of ship construction and building construction.

production, and (2) to the fact that the Contracting Officer becomes personally responsible for Government owned property.

As the momentum of our constantly accelerated war program curved upward, the volume of emergency orders obtained by manufacturers with light or inadequate net working capital and with no available bank credit also curved upward. These concerns could not get into full production without liberal financial assistance and that assistance was not available. To break this bottleneck, the Federal Government in June, 1940, authorized "advance payments" to *prime contractors* up to 30 per cent of the contract when "in the interest of national defense."

Subsequently, provisions under the First War Power Act of 1941 (Act of December 18, 1941) allowed advances "of any percentum of the contract price," that is, up to 100 per cent of a specific contract. Advances up to 50 per cent since December 31, 1941 could be made according to General Directive No. 98 issued by the Under Secretary of War by field offices of the War Department. Some divisions of the War Department have since revoked



HOBART

*"Regulation V loans, although available since April, 1942, would seem to have been only moderately used, notwithstanding wide publicity given the \$1,000,000,000 credit arranged by General Motors Corporation."*

the privilege of field offices to make advances in excess of 30 per cent without approval from higher authorities at Washington. Notice that partial or progress payments, and advance payments, could only be obtained directly by *prime contractors*.

Many prime contractors now had a choice between using bank credit, or an "advance" to finance its war operations. If a manufacturer was in sound financial shape, the potential bank credit might be granted on its unsecured note; if the concern was somewhat extended, the bank credit might be granted on the assignment of claims against the Federal Government, or on any other secured bankable basis.

With these financing alternatives available, many managements have selected the "advance" and have used it in lieu of bank credit. No interest was required on the early advances from the War Department, the Navy Department or the U. S. Maritime Commission, but all such advances made since June 8, 1942, have been subject to an interest charge of 2½ per cent a year.

The contractor is also required to

furnish "adequate security" for the full amount of the advance payment. This security generally represents the trusteeing of the advance. If other types of security are not available or cannot be worked out, a surety bond may be furnished; the cost of this instrument ranges from \$6 per \$1,000 of advance on the first \$2,500,000, to \$5 per \$1,000 on advances in excess of \$7,500,000.

#### Use Both Methods

Many responsible corporations whose production of war supplies and equipment is relatively moderate are using both methods of financing their current operations; customary short-term bank credit to finance their normal manufacturing processes, and advances from the War Department, the Navy Department, and the U. S. Maritime Commission to finance the production of war equipment and supplies. Where the manufacturer is in an extended financial condition, the advance is often additionally protected by subordination of amounts due officers, directors, and affiliated concerns, and occasionally by the pledge of available bankable assets.

As a general policy, a prime contractor must keep separate bank accounts and separate records covering advances from each supply service.<sup>3</sup> A contractor with four prime contracts with four supply services would have four bank accounts. Occasionally some well-known manufacturer will battle for the privilege of commingling funds from the natural viewpoint of normal simplified business practice. Sometimes it is obtained.

Advance payments cannot be made, under existing legislation, directly to subcontractors. In theory, under the early authorizations for advance payments to prime contractors, the subcontractor could arrange with the prime contractor for an advance to him of his proportionate share of the 30 per cent advance. In theory, in the same manner, the second subcontractor could negotiate for his share from the first subcontractor, and so on through successive lower layers. Subsequently in December, 1941, arrangements were made whereby the amount of the advance to a subcontractor could be increased; in such a situation, for example, the prime contractor would receive an advance of 50 per cent on his contract with the specific understanding that all above the 30 per cent would go to subcontractors.

In everyday practical operations, the difficulties encountered by a subcontractor in obtaining his proportionate share of an advance are very great. These difficulties center around two stumbling blocks, each of which, at times, is just as effective as the lack of gasoline is to a tank in Libya: more than a nominal amount of legal red tape, and the all too human disinclination of practical business men to accept the responsibility for passing out Government funds unless they obtained definite assurance that no liability would be involved.

As a result of these practical difficulties which turned into insurmount-

<sup>3</sup> There are eight supply services of the War Department: Air Corps, Ordnance, Signal Corps, Engineers, Chemical Warfare Service, Medical Corps, Quartermaster Corps, and Transportation Corps. The first four are of the greatest importance from the viewpoint of outstanding contracts.

able stumbling blocks during the days when every bit of human ingenuity was needed to augment the production facilities of small and large manufacturers, subcontractors with inadequate net working capital in all parts of the country were unable to obtain necessary short-term bank financing to handle war business.

### III. REGULATION V LOANS

The solution finally arrived in the form of what has since become the not too well-known or well-worn Regulation V, issued by the Board of Governors of the Federal Reserve System to become effective April 6, 1942. This regulation was based on and issued pursuant to the Executive Order of the President, No. 9112, dated March 26, 1942, slightly over one year ago. Regulation V, while a little late in arriving on the scene, solved the problem of providing bank credit facilities to *subcontractors*. Simultaneously it solved critical collateral problems.

The Executive Order of the President provided a new revolutionary financing technique to fit this emergency by authorizing the War Department, the Navy Department, and the U. S. Maritime Commission to make or to guarantee loans, discounts, and advances for the purpose of financing any contractor, subcontractor, or others engaged in any business or operation deemed by these departments to be necessary, appropriate, or convenient for the prosecution of the war. The prime contractor and the subcontractor might be in sound shape and they might be in unhealthy financial condition. It made no difference so long as they could produce for war.

The Federal Reserve Banks simultaneously were appointed fiscal agents of these departments of the Federal Government for the purpose of guaranteeing part or all of any such loans, discounts, and advances made by a financing institution where such insti-

tutions did not assume all of the risk.

This new technique of extending bank loans on the guarantee of an agency of the Federal Government covers a multitude of situations, but the Executive Order was issued for the fundamental purpose of solving the one basic problem of getting credit to "subcontractors," of carrying essential credit facilities to the under-manufacturer. Peacetime credit rules and standards no longer could hold up the production of war materials and supplies where plant facilities were available; wherever necessary credit would now be partly or wholly guaranteed by the War Department, the Navy Department, or the U. S. Maritime Commission.

Loans under Regulation V are made to cover the credit needs of a manufacturer, as indicated by a qualified analysis of his budget, where the concern is filling one contract; or under the provisions of a revolving credit agreement set up for a definite period of time, usually for one year or somewhat longer, where a manufacturer has been awarded several contracts, either prime contracts or subcontracts or both.

In either case, a formal loan agreement is negotiated between the depository bank and the borrower imposing certain conditions and restrictions upon the borrower and providing for the acceleration and the maturity of the credit in the event of default of certain conditions.

These loans generally are secured by the assignment of specified war contracts and the proceeds to be received under these contracts. The guarantee is in the form of an agreement by the War Department, the Navy Department, or the U. S. Maritime Commission, acting through a Federal Reserve Bank as a fiscal agent of the United States, to purchase from the financing institution, within ten days after demand, a specified percentage of the loan described in the agreement.

In October, 1942, General Motors Corporation announced the completion of arrangements for a revolving credit of \$1,000,000,000 under Regulation V,

the largest loan of this type on record.<sup>4</sup> Approximately 475 banking institutions participated in this loan which was arranged by the Federal Reserve Bank of New York under a guarantee by the War Department. This agreement runs to February 28, 1946. On total borrowings up to \$250,000,000, the guarantee is 50 per cent, between \$250,000,000 and \$500,000,000 75 per cent, between \$500,000,000 and \$650,000,000 85 per cent, and above that amount, 90 per cent.

The percentage guaranteed by the War Department on this credit varies with the aggregate amount of the loan outstanding; the step-up in guarantee covering the entire amount outstanding, not the bracket. If \$250,000,000 credit is being used, for example, the banks have the risk on 50 per cent or \$125,000,000 and the War Department guarantees \$125,000,000. If \$1,000,000,000 is being used, the banks have the risk for 10 per cent or \$100,000,000 a drop of \$25,000,000 from the first bracket, and the War Department guarantees \$900,000,000.

#### Other Protection

Regulation V not only provides a revolutionary technique of extending bank credit when it is unavailable according to traditional banking policy, routine, theory, or credit practice; it also provides additional protection automatically in case of cancellation of war contracts by the Federal Government for its own convenience under two sections of the guarantee, Section 5 for the protection of the financing institution and Section 6 for the protection of the borrower.

These provisions are of a far-reaching nature, providing for all foreseeable contingencies as they may apply to the credit needs of the borrower, not only for the duration of the war, but for the

<sup>4</sup> This is the largest bank loan ever extended to an industrial or commercial business enterprise. As of June 30, 1942, the aggregate capital and surplus of all national and State commercial banking institutions was \$5,750,848,000. The total lending capacity, on an unsecured basis of all commercial banking institutions is 10 per cent of this amount or approximately \$575,000,000, an amount which is substantially less than this \$1,000,000,000 credit arranged under Regulation V.

immediate readjustment period after the war is won.

Section 5, known as the "step-ladder clause," provides that in the event of cancellation of more than 25 per cent of the dollar amount of the borrower's contracts for the convenience of the Government, the guarantor shall be obligated to purchase, in addition to the part already guaranteed, a percentage of the unguaranteed portion of the loan corresponding to the ratio the contracts cancelled bear to the contractor's uncancelled backlog of contracts.

If 90 per cent of the loan, for example, is already guaranteed, and 50 per cent of the borrower's war contracts are cancelled, the guarantor is obligated to purchase 50 per cent of the unguaranteed portion, thereby increasing the guarantee to 95 per cent of the total. In the event of the cancellation of all of the borrower's contracts, the guarantor is obligated to purchase the entire loan, thus eliminating all risk of loss to the lending bank.

Section 6 provides that in the event of cancellation of more than 25 per cent of the borrower's war contracts for the convenience of the Government, the maturity of a percentage of the loan corresponding exactly to the percentage of contracts cancelled shall be suspended for a period ending ten days after the borrower shall have received full payment due under his contracts. During that period, the borrower is fully relieved of any obligation for the payment of interest or principal on the portion of the loan suspended; the guarantor paying interest less the guarantee fee but not to exceed 2½ per cent in the aggregate if this part of the loan continues to be held by the bank.

Under this arrangement, the forced liquidation of inventory during a period of possible declining prices is unnecessary. During this period, so absolutely crucial to the contractor, whether a prime contractor or a subcontractor, no call is made by the lending bank or banks on the working capital of the manufacturer to liquidate that part of an obligation incurred to

finance contracts now cancelled (if more than 25 per cent of the borrower's war business) until settlement is obtained on those particular contracts.

Through the operations of these two sections of the guarantee agreement, both the lender and the borrower are protected during the period of adjustment following the immediate cancellation where the cancellation is for the convenience of the Government, and until final payment is made to a prime contractor by the Government, or by a prime contractor to a subcontractor. Here is the effective shock-absorber for the first great problem of the post-war era. The borrower is protected against the precipitate maturing of loans upon cancellation of more than 25 per cent of his war production contracts, and against what might be ruinous accumulation of interest charges during the suspension of operations which are beyond his control.

The bank continues to receive interest on any part of the loan which it holds, and can require the guarantor, at any time, to take over the guaranteed part, including the portion suspended. At the same time, the percentage guaranteed increases as contracts are cancelled, reaching 100 per cent in the case of total cancellation. These two sections do not become applicable unless a minimum of more than 25 per cent of the dollar amount of war contracts held by the borrowing contractor is cancelled.

This automatic extension of loans made under Regulation V in the event of cancellation of war contracts for the convenience of the Federal Government, applies only to that portion of the loan in actual use. That is, suppose a subcontractor producing tires for airplanes obtained a commitment for a loan of \$500,000 under Regulation V, but at the time of 100 per cent cancellation, only \$200,000 of the loan was in use. Then the maturity of the \$200,000 would be automatically extended until a full settlement was obtained on its war contract, and no part of \$300,000 not in use at the time could be borrowed unless it was provided by agreement.

As a result of this feature, many manufacturers, to be assured of adequate working capital during the post-war adjustment period have made it their practice to use their full Regulation V commitment continuously where they could meet all collateral requirements in the loan agreement. In the instance mentioned it would have been \$500,000. The full commitment would immediately be taken up, and the added interest cost on that portion of the loan in use but not actually needed, would be in the nature of an insurance cost, so that the full amount would be all available in the immediate post-war adjustment period.

In addition to these extraordinary advantages, loans under Regulation V have no restrictions against the com-

*"It is evident that the thousands of prime contractors and subcontractors whose output is largely war materials, that are financing themselves in the traditional manner with normal banking arrangement, will be particularly handicapped by the cancellation of war contracts on A-day, unless they are in healthy financial condition and are able to obtain additionally needed short-term bank credit."*

SOLDIERS UNLOAD 16-INCH SHELLS IN CASEMATES—HARRIS & EWING



mingling of funds, characteristic of the typical arrangements under which prime contractors obtain "advances."

Regulation V loans, although available since April, 1942, would seem to have been only moderately used by war contractors, notwithstanding the wide publicity given to the \$1,000,000,000 credit arranged by the General Motors Corporation. The slow gradual upward trend in the use of this newest technique in the lending operations of American commercial banking institutions from May 31, 1942, to February 28, 1943, is indicated in the table.

As of December 31, 1942, after slightly more than eight months, only 2,665 Regulation V loans had been authorized for a total of \$2,688,397,000. Of these 2,665 authorizations, 28 per cent were for less than \$25,000 and 60 per cent were for less than \$100,000. The average authorization for the 2,664 concerns, after eliminating the \$1,000,000,000 commitment to the General Motors Corporation, amounted to approximately \$634,000. Loans for as small as \$400, however, have been made.<sup>5</sup>

The outstanding loans on these commitments aggregated \$803,720,000 on December 31, 1942. Of this amount \$632,474,000 or 78.8 per cent bore the guarantee of the War Department, the Navy Department, or the U. S. Maritime Commission. The increase in the outstandings through 1942, both the total and the guaranteed portion have been steady, but in the light of the distinct post-war advantages of Regulation V loans, not particularly impressive. Available figures for January and February, 1943, indicate a moderate step-up in the increase of guaranteed monthly outstandings, and those of March a somewhat larger one.

Ever since December 31, 1940, the Bank Management Commission of the American Bankers Association, has made quarterly surveys to indicate the number and the volume of loan commitments and of outstanding loans for war purposes. From the December 31,

1942 questionnaire, mailed to the 500 largest commercial banks and trust companies in the United States, 423 replies were received. Of these 414 reported that they had war loans outstanding, and 9 reported no such loans. These 414 commercial banking institutions located in 165 cities had outstanding loans under Regulation V of \$747,599,000. This amount represented 93.1 per cent of the total outstanding V loans of \$803,720,000 on the same date as reported by the Federal Reserve Board (see table).

Total outstanding loans made by these same 414 commercial banks and trust companies for all kinds of war purposes—for the erection and improvement of plant facilities as well as for working capital—aggregated \$2,527,000,000 on December 31, 1942. The outstanding loans of these institutions of \$747,599,000 made under Regulation V represented 29.5 per cent of their total outstanding loans to business enterprises for war purposes.

As of December 31, 1942, 2,665 or 3.3 per cent of the approximately 80,000 prime contractors and subcontractors<sup>6</sup> had commitments for V loans; and on the basis of the sample of the 414 banking institutions surveyed by the Bank Management Commission, 29.5 per cent of the outstanding dollar amount of war loans extended by these institutions was represented by V loans.

<sup>6</sup> The 80,000 is an estimate of Under-Secretary of War Robert Patterson. In 1942 General Electric Company "utilized services of some 1,400 other companies . . . on subcontracts" which indicates the extensive use certain large corporations have made of subcontractors.

In other words, 96.7 per cent of all war contractors had failed to take advantage of Regulation V, and the outstanding war loans in dollars of these manufacturers, according to the sample of the Bank Management Commission, aggregated 70.5 per cent of all war loans. The actual dollar proportion is probably appreciably higher than this 70.5 per cent, as the smaller commercial banking institutions, that were not included in the survey, have made proportionately fewer V loans than the larger institutions.

#### IV. POST-WAR PROBLEMS

Let us take a particular situation, a maker of radio parts whose facilities are 100 per cent on war production, and analyze its immediate financial post-war outlook. These radio parts are being made and sold under contract exclusively to two responsible concerns, both prime contractors, producing two-way radio sets for bomber planes.

This particular subcontractor on December 31, 1942, had cash of \$75,000, receivables of \$325,000, an inventory of \$650,000, or total current assets of \$1,050,000. The receivables were all due from the two prime contractors for the sale of radio parts, and the inventory, consisting largely of partially fabricated and completed parts, had been accumulated solely to fill these

(Continued on page 26)

*"World War II is a war of iron and steel . . . a war of factories and of production, as well as the age-old war of human flesh. . . . In the waging of this war, the manufacturers of our country, our prime contractors and our subcontractors, have performed miracles which even starry-eyed social economists have come to recognize."*

HARRIS & EWING



<sup>5</sup> This V-loan was granted to finance a prime contract to paint a barge on the Mississippi River.

**T**HE labor market adjustments already made during 1940-1942 have helped to achieve the goals of production and of the military services decided upon for the first phases of the defense and war periods. But the year 1943 must bring the United States to the peak of its striking power. The tactics of global war call for at least 6.4 million more people in the military services and essential war industries.

This figure of 6.4 million represents a net increase in the number of people fighting or at war work and does not include replacements for workers who have left to join the armed forces or as a result of normal turnover or normal replacements. In addition, it is well to emphasize that national manpower requirements do not portray the full character of the manpower mobilization job. The workers required to meet the production goals must be recruited, trained, and made available at the right time in the communities and plants where the work is being done. To do this, vigorous actions in several different directions will be required.

We have committed our entire national labor pool, which at the end of 1942 stood at 59.8 million, to the war effort. We allocated that great force among the various services and activities needed to waging war and to maintaining the civilian populations, which support the fighting men. Thus, as of December 1942, 6.4 million men were in the armed forces; these in turn were supported by 8.7 million workers engaged in the manufacture of munitions.

This group of industries comprises all the primary weapons of war,—aircraft, shipbuilding, and ordnance, as well as those industries which feed these manufactures—non-ferrous metals and their products, iron and steel, electrical machinery, transportation equipment, and petroleum refining. In addition, 7.7 million workers were



CUSHING

## CAN WE ALLOT MANPOWER by VOLUNTARY METHODS?

WILLIAM HABER

*Director, Bureau of Program Planning, War Manpower Commission*

engaged in essential non-agricultural activities concerned with processing of food, metal and coal mining, transportation, Federal war agencies and others.

Agriculture, producer of another primary weapon of war, required 8.9 million workers.

About 26.6 million employees continued their peace-time occupations, many of which, though important to

civilian life, do not directly contribute to the war. Finally, there were about 1.5 million unemployed.

This structure of our labor force represented a great transformation from what it was in 1940, when the armed forces numbered only about 800,000 men, the unemployed totalled more than 7 million, and the industries which are today manufacturing muni-

tions employed 4.9 million, the vast bulk of whom were producing civilian goods. Thus, our achievements of conversion to war in two years are in themselves quite striking, capped by the final fact that we increased our labor pool between 1940 and 1942 by 5.5 million new workers to a total of 59.8 million.

But in 1943 as the war moves into its decisive stages and production is stepped up, we not only will have further to expand that labor force but also to make certain that its effort is used to create—on time—the striking power needed for victory. For we are learning that the baffling aspects of the manpower problem lie in the fact that although we may have enough people to meet all military and production needs, we may not have people with the right skills; we may have the workers with the right skills, but they may not be available in the right places. In short, we have a manpower problem not because we do not have manpower, but partly because labor requirements are highly concentrated geographically by skills; reserves are widely dispersed and untrained.

One of the most difficult problems is to make sure that the irreducible minimum of manpower required by the four major claimants—the armed forces, the munitions industry (including essential supporting activities), the civilian industry, and agriculture, is available when needed. This involves problems of allocation and budgeting of the manpower resources of the country, and calls for the development of necessary occupational and deferment policies which are designed to protect the indispensable requirements of industry and agriculture for skilled workers, and at the same time, to provide the monthly quotas necessary to build the armed forces up to the required and approved strength.

The size of the armed forces is limited by the capacity of the nation to equip, transfer, and maintain them in the various theaters of war. Every time we withdraw a man from essen-

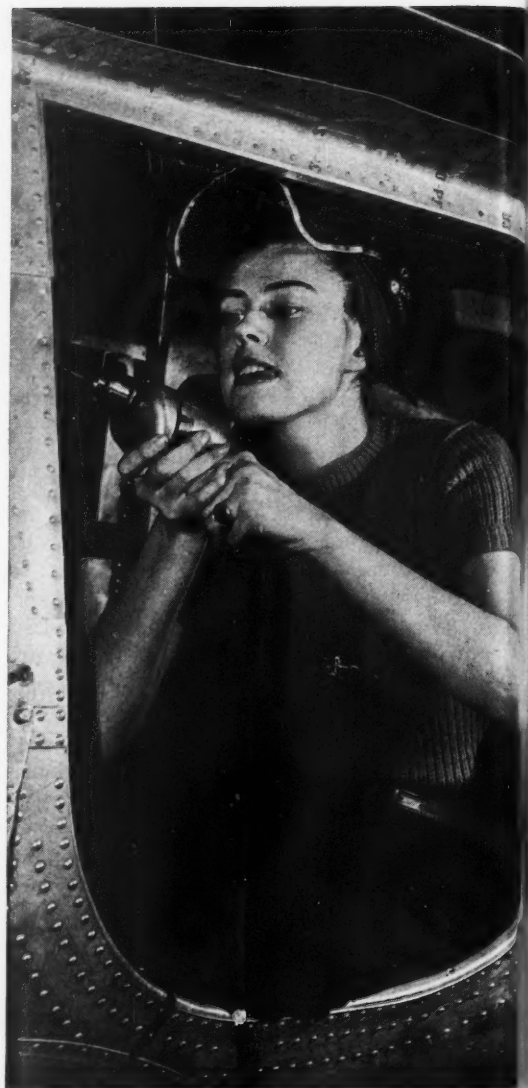
tial industry, it is necessary to replace him, and also to recruit and train the workers to produce his equipment and transport him and his supplies.

The problem of allocation also exists as between war industries and other essential civilian activities and agriculture. The problem cannot be met by each individual deciding for himself where his abilities can best be utilized, neither can it be met by giving complete priority to one of the claimants and permitting the rest to scramble for what is left. The War Manpower Commission's responsibility is to formulate the appropriate policies and procedures which make possible the allocation of manpower to meet the necessary requirements of all whose needs must be considered.

As indicated, 6 million 400 thousand additional persons must be provided for the armed forces and for essential industry during 1943. The unemployed reserve has already disappeared. It is estimated that perhaps 500,000 workers at present unemployed can be added to the employed population. This will reduce the number of unemployed to about 900,000 by the end of 1943—probably as low as it can be expected to go in view of the size of the labor force. About 2,700,000 new workers must be drawn into industry.

Most of these will be women—perhaps 2 million. In addition, considerable reserve exists among the physically handicapped, older people, students, and younger persons not now in the labor force, and part-time workers. Finally, over 3 million persons must be transferred from activities in which they are presently engaged to other more essential activities.

If industry's needs are to be met satisfactorily, management will have to hire women during the coming year at four or five times the rate during the past two years. Statistically, this may look easy, because the number of women in the population aged 20 to 65 is more than enough to meet the demand. Most of these women, however, will not enter employment until



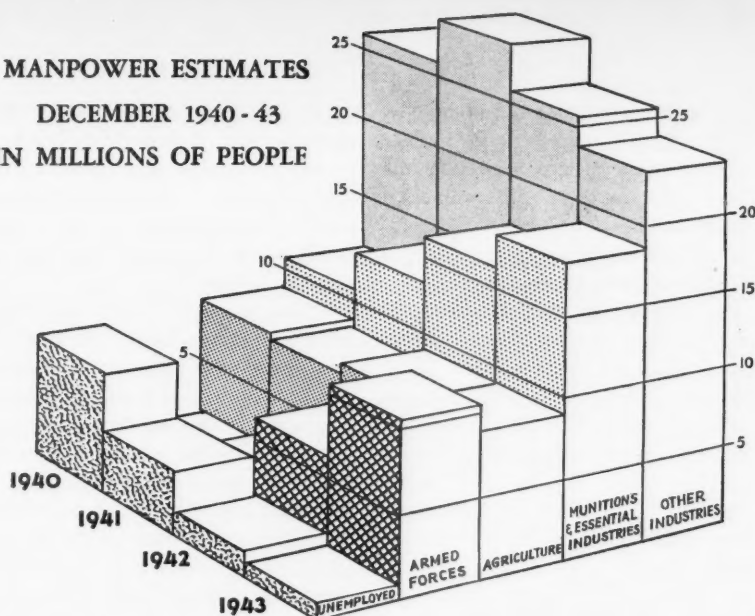
FREE LANCE PHOTOGRAPHERS GUILD

*"If industry's needs are to be met satisfactorily, management will have to hire women during the coming year at four or five times the rate during the past two years."*

special efforts are made to recruit, train, and place them. Though women are capable of performing at least four-fifths of the occupations in essential industries, most of them must be trained. Training courses, including supervisory training, must, therefore, be open to women on the basis of sex equality.

Moreover, women are reluctant to work in the new factories that still do not recognize the principle of equal

# MANPOWER ESTIMATES DECEMBER 1940-43 IN MILLIONS OF PEOPLE



The total labor force was estimated to be on December 31, 1940, 54.2 millions; 1941, 56.1; 1942, 59.8; 1943, 62.5 (Bureau of Labor Statistics and WMC Bureau of Program Planning). Over the same span unemployment will have dropped from 7.1 millions to 1.0. It was comparatively easy in 1942 to add 1.7 millions to industry and agriculture and to withdraw 4.3 million fighting men. To meet the estimated 1943 requirements of 6.4 millions (4.3 fighters; 1.8 in munitions; 0.3 in essential non-agricultural industries) will be much more difficult. About half the requirements will be provided by adding 2.7 millions, mostly women, to the labor force and by reducing unemployment 0.5. The remaining 3.2 must come from less essential industries, WMC estimates. Figures for the armed forces are unofficial published data. Munitions include industries devoted primarily to war equipment and supplies other than food and clothing; in such industries the figures include employees on non-war work.

pay for equal work. The War Manpower Commission in a formal policy statement has urged that efforts to recruit women with young children be deferred until full use has been made of other sources of supply and that adequate day-care facilities be provided for children of mothers who do work.

More than 30 special campaigns to

recruit women workers have been conducted throughout the country, including the States of Oregon and Connecticut and the cities of Baltimore and Detroit. The Baltimore drive was marked by the opening of a women's recruiting center in the downtown area. Recruiting in Detroit began last July with the distribution of 650,000

registration forms to every household.

Returns indicated that 217,000 women were willing to accept full-time employment and that 181,000 of these were willing to enter factory work. When the test of a job offer at specific wages and working conditions is made, this number will be considerably smaller. All the campaigns conducted indicate the importance of having employers and the U. S. Employment Service prepared to find employment for many of the women within a short time after their registration.

A considerable reserve of labor exists among the physically handicapped, older people, and students. What employers too often forget or ignore is that persons with physical impairments that make them unfit for certain operations and occupations frequently possess capacities, skills, and talents enabling them to engage in other types of useful work.

Often the victim of accident or disease may be reemployable at his usual occupation. In many cases an adjustment is first necessary, either of the person (medical or surgical treatment, artificial limbs, retraining) or of the requirements of the job (for example, rearrangement of the tools). Many incapable of pursuing their usual occupations even with such adjustments can usually be retrained for another

"A considerable reserve of labor exists among the physically handicapped, older people, and students. What employers too often forget or ignore is that persons with physical impairments that make them unfit for certain operations frequently possess skills and talents for other types of work."

A SEPTUAGENARIAN AND STILL PRODUCING—HARRIS & EWING



position closely related to their former jobs.

With the extension of our part-time work program, already proved successful in England, we shall be able to attract many homemakers, students, and older people who cannot consider full-time employment. Though more than 50,000 people (including stockbrokers, educators, and salesmen) are now at work on part-day or part-of-the-week schedules in British munitions industries, part-time work is most adaptable to work outside of factories, in occupations requiring a minimum of training. Mainly in service industries, a million and a half part-time workers were employed in this country in 1939.

Recently, the United States Civil Service Commission announced an extensive plan of part-time work in the Federal service for clerical and stenographic positions, as well as for any other vacancies that cannot be filled by full-time employees.

Mobilizing local manpower resources is one way to minimize in-migration to shortage areas, thus relieving pressure on housing, transportation, hospitals, and recreational facilities. Without complete utilization of local manpower, however, unnecessary in-migration or unfilled labor requirements will result. In some plants and localities, discriminatory hiring practices make it difficult if not impossible

for aliens and Negroes to find employment. Equally serious is the failure to offer these groups, especially the Negroes, training and promotion opportunities. The shipbuilding industry has traditionally employed a considerable number of Negroes.

Nevertheless, the reluctance of some concerns to upgrade Negro workers is reflected by a recent survey. Of all Negroes employed in the industry, only 3 per cent were working at skilled trades as compared with 75 per cent at unskilled labor. At this same time 42 per cent of all shipbuilding workers were skilled and only 23 per cent unskilled.

### Reduces Pirating

Pirating of skilled labor from plant to plant and area to area is one of the most serious forms of manpower wastage. There are many instances of pirating by one war producer from another who, as a consequence, has been unable to meet his obligations because of rapid turnover. This problem is typical of the kind that can best be solved by local stabilization agreements.

The first area stabilization plan went into effect in Baltimore late last Summer. Employers agreed in signing it that they would not hire an employee from an essential activity without a separation certificate obtained from his

original employer or the local Employment Service. Labor piracy has been greatly reduced in Baltimore as a result. About 50 other areas have recently evolved similar employment stabilization plans which should have equally good results.

Of all the methods of increasing labor utilization, one of the most obvious (and at the same time one of the most misunderstood), is the establishment of an optimum work week. It if were possible to lengthen the work week in every plant in all manufacturing industries to at least 48 hours, manpower equivalent to more than half a million workers would be added to the labor force. This was the purpose of the recent Executive Order establishing a minimum 48-hour work week in areas designated by the War Manpower Commission. While this would not solve our problem, it would still be a substantial contribution in industries and areas where labor supplies are meager.

Less essential activities in labor shortage areas should likewise lengthen their week so that some part of their employees may be released for the war effort. On the other hand, as a result of insufficient skilled and supervisory workers, some individuals are already working 60-hour and even 72-hour weeks. In many cases the de-

*"Special efforts must be made to train women. Though they are capable of performing at least four-fifths of the occupations in essential industries, most of them must be trained. Training courses, including supervisory training, must therefore be open to women on the basis of equality with men."*

STUDENT BUILDERS—CUSHING



sire of workers to earn overtime pay is sufficient incentive to keep them on the job twelve hours a day, six days a week. Experience in Great Britain after Dunkirk and here since Pearl Harbor has demonstrated, however, that this soon leads to increased absenteeism and diminished production.

Even full mobilization of local resources and utilization of workers at their highest skills for the most efficient work week will not be enough to solve the problem of some critical areas. Transfer of workers from less important to essential industries, stimulated primarily by the relatively high level of wages and earnings in war industries, began on a large scale with the initiation of the defense program. Various efforts have been and will continue to be made to induce other workers to transfer voluntarily.

The adoption of the list of non-deferable occupations, and the requirements for a minimum 48-hour work week in all industry have contributed toward stimulating the voluntary transfer of individuals from their present activities to jobs more necessary in the war effort. In addition, the United States Employment Service local offices have been interviewing workers on the basis of information

contained in the occupational questionnaires, and the number of voluntary transfers in response to such interviews have been consistently increasing.

Obviously, substantial contraction in civilian activity will occur as a result of the transfer of some three million persons. The Office of Civilian Supply of the War Production Board is determining the irreducible minimums in civilian supply and services which must be maintained in every essential activity.

### 2,000,000 Leave Farms

The flow of workers to war industries has not been entirely from the pool of urban unemployed and non-war workers. It is estimated that about two million members of the agricultural labor force left the farms between April 1940 and June 1942. While the supply of farm labor has been adequate to harvest a record crop during 1942, the outflow must be checked. The Tydings Amendment to the Selective Service Act, and other policies of the War Manpower Commission are designed to keep necessary farm workers on the farm, and to induce workers with essential farm skills, who have left the farm, to return.

Furthermore, where absolutely necessary, the United States army has planned to make available troops for use in agriculture under standards and conditions now being formulated. In addition to holding on to the labor supply engaged in agriculture, it will, of course, be necessary to mobilize urban residents for regular agricultural work, and particularly for seasonal peak requirements. It is estimated that in addition to the 8.9 million workers to be required during the year in agriculture, over 3 million additional workers will have to be provided for peak season jobs.

In addition to recruitment, the problems of agricultural labor supply call for the transfer of farm workers and operators from marginal farms to more productive lands; the transportation and housing of seasonal workers; the improvement in the use of farm labor by job simplification; by the pooling of equipment; the adjustment of agricultural wage rates where these are found responsible for specific labor shortages, and in certain areas where domestic labor resources are fully used up, the importation of foreign workers for employment in agriculture.

The manpower mobilization efforts in this country have been proceeding on the assumption that the manpower problem can be dealt with adequately on the basis of voluntary cooperation between management and labor working with Government. These measures, in national terms, have thus far been quite adequate. Difficulties have arisen and manpower supply has been a limiting factor in specific situations, particularly in copper, lumber, and more recently in agriculture.

It can be said, however, that in national terms, manpower has not yet been a "bottleneck" in the war production program. There is increasing evidence that the voluntary method supported by "indirect sanctions," upon which we have relied, and which have so far been reasonably adequate, will be put to a severe test in the months immediately ahead.

*"More than thirty special campaigns to recruit women workers have been conducted throughout the country, including States of Oregon and Connecticut and . . . Baltimore and Detroit."*

FREE LANCE PHOTOGRAPHERS GUILD





LEWIS

## Industrial Production

Seasonally Adjusted Index: 1935-1939 = 100; Federal Reserve Board

	1940	1941	1942	1943
January	122	140	171	199
February	116	143	172	203
March	113	147	173	205
April	113	144	173	
May	117	151	174	
June	122	159	176	
July	122	160	178	
August	124	160	183	
September	124	161	186	
October	131	164	190	
November	134	167	194	
December	138	167	197	

## Retail Sales

Seasonally Adjusted Index: 1935-1939 = 100

	1940	1941	1942	1943
January	113.3	130.3	130.3	130.3
February	114.6	130.3	130.3	130.3
March	115.9	130.3	130.3	130.3
April	113.8	130.3	130.3	130.3
May	116.0	130.3	130.3	130.3
June	117.5	130.3	130.3	130.3
July	117.1	130.3	130.3	130.3
August	117.1	130.3	130.3	130.3
September	115.4	130.3	130.3	130.3
October	117.2	130.3	130.3	130.3
November	123.4	130.3	130.3	130.3
December	124.5	130.3	130.3	130.3

## Employment

Millions of Persons; U. S. Bureau of Census

	1940	1941	1942	1943
January	45.1	45.3	48.9	51.0
February	45.1	45.7	49.4	50.9
March	45.1	45.8	50.9	51.0
April	45.1	46.8	50.7	
May	46.3	48.5	51.0	
June	47.6	49.2	53.3	
July	47.6	50.9	54.0	
August	47.7	51.0	54.0	
September	47.9	50.3	54.4	
October	47.0	50.2	54.4	
November	46.3	50.2	54.8	
December	46.3	50.2	51.9	

## Business Inventories

Billions of Dollars; U. S. Department of Commerce

	1940	1941	1942	1943
January	19.60	21.49	21.64	21.64
February	19.75	21.64	21.64	21.64
March	19.93	22.14	22.14	22.14
April	20.09	22.69	22.69	22.69
May	20.12	23.04	23.04	23.04
June	20.97	23.46	23.46	23.46
July	20.97	23.99	23.99	23.99
August	20.09	24.44	24.44	24.44
September	20.47	25.06	25.06	25.06
October	20.80	24.93	24.93	24.93
November	21.31	26.72	26.72	26.72
December	21.40	27.08	27.08	27.08

\* Approximation; figures from quick source.

# THE TREND OF BUSINESS

**SUMMARY:** Easter retail buying touches new all-time high as unemployment drops close to the irreducible minimum. Production still increasing. Chief emphasis in industry is on raising effectiveness of available materials and manpower.

WHILE production levels in March and early April continued to rise at about the same rate as in the past four months, the increase was concentrated in durable goods lines. Non-durable goods remained at appreciably the same level throughout the first quarter of the year. New peaks were achieved by familiar war leaders, notably ship construction, aircraft, and steel production; present operations indicate that production in these will increase further as expansion programs approach completion. Wool textile and fuel output also reached all-time highs.

The aluminum expansion program expected to be completed by mid-Summer will make an annual output of 2,100,000,000 pounds possible and assure fulfillment of all airplane construction needs. Shipyards, in an effort to double this year the 1942 output of 8,090,000 tons, averaged in March five ships daily, a record not hoped to be accomplished before May.

Large order backlogs in the hands of manufacturers still remain close to the record levels reached late last year. Incoming business continues to exceed shipments in many lines; for industry as a whole fails by a substantial margin to meet last year's record rate.

Manufacturers' inventories have levelled off even though production in-

creased, thus improving the relation of shipments to inventories, a relation which became somewhat distorted last year as purchasing agents bought as far ahead as possible. In non-durable goods lines heavy demand prevented any building up of stocks and a larger rate of shipments was being supported by smaller inventories than a year ago. Wholesalers and retailers, with inventories off approximately 21 and 12 per cent respectively from year ago levels, were plagued with increasing difficulty in obtaining replacements (U. S. Bureau of Foreign and Domestic Commerce).

## War Building Off 50 Per Cent

Monthly war expenditures for new construction, which have been falling continuously from the high reached last August, are now estimated to be more than 50 per cent below that peak. Factory construction for March is expected to be off 17 per cent from the previous month (WPB). Military and naval construction, the most important class of expenditures, is reported by the U. S. Dept. of Commerce to have been 36 per cent lower in the first quarter of this year than in the final quarter of 1942.

With construction 75 per cent completed emphasis is shifting more and

more to the most effective use of available material supplies and manpower resources. Absenteeism, reported to have increased from a pre-Pearl Harbor average of 3 per cent to a range of 3 to 12 per cent in some sections of the country by the end of 1942, declined sharply during the first quarter of the year (WPB).

The continued success of the job-training programs is said to have increased productiveness in certain plants 10 to 50 per cent (WMC). The recent job and price stabilization order is expected to alleviate unnecessary labor turn-over and man-hours lost during hiring and retraining time. Quits per month per hundred workers in manufacturing have increased over 100 per cent since Pearl Harbor according to the U. S. Bureau of Labor Statistics.

From February to March total unemployment fell from 1,400,000 to 1,000,000, which is only 14 per cent of the number unemployed in March 1941, and close to an irreducible minimum. The drop in unemployment has failed to boost the total number of workers, which remained practically unchanged in the past three months. Agricultural employment followed closely the seasonal expansion shown in recent years. In contrast non-agricultural employment fell off 300,000, as the influx of

women workers failed to quicken the drain of men from services (U. S. Bureau of Census). It is estimated that during the first quarter of 1943, 2,100,000 workers, and in some industries will lose 3,000,000. For a detailed discussion of the power problem see Dr. Lewis on page 15.

## Civilian Output Off

Although the consumer goods industries are hardest hit by manpower shortages and interest in "morale" production of civilians has stimulated output recently. Frozen inventories have been released for the production of civilian goods, particularly hold items and clothing, clocks to the extent of 100,000 have been removed from the Production schedules of

## Income Payments to

Seasonally Adjusted Index: 1935-1939 = 100

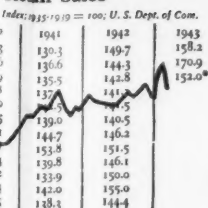
	1940	1941	1942	1943
January	110.4	110.3	110.3	110.3
February	110.7	110.3	110.3	110.3
March	110.4	110.4	110.4	110.4
April	110.8	110.4	110.4	110.4
May	112.4	110.7	110.7	110.7
June	112.5	110.7	110.7	110.7
July	113.1	110.7	110.7	110.7
August	114.1	110.7	110.7	110.7
September	115.6	110.7	110.7	110.7
October	116.0	110.7	110.7	110.7
November	117.7	110.7	110.7	110.7
December	120.6	110.7	110.7	110.7

## Cost of Living

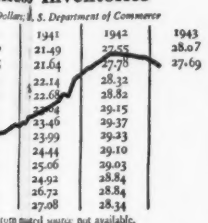
Index: 1935-1939 = 100; U. S. Bureau of Labor Statistics

	1940	1941	1942	1943
January	99.8	100.0	100.0	100.0
February	99.8	100.0	100.0	100.0
March	99.8	100.0	100.0	100.0
April	99.8	100.0	100.0	100.0
May	99.8	100.0	100.0	100.0
June	99.8	100.0	100.0	100.0
July	99.8	100.0	100.0	100.0
August	99.8	100.0	100.0	100.0
September	99.8	100.0	100.0	100.0
October	99.8	100.0	100.0	100.0
November	99.8	100.0	100.0	100.0
December	99.8	100.0	100.0	100.0

## Retail Sales



## New Inventories



ers failed to offset the in of men by the armed S. Bureau of Census). that during 1943 muni- tial industries will add ers, and that less essential lose 3,200,000 workers. discussion of the man- see Dr. Haber's article

## Output Off 25 Per Cent

e consumer goods indus- t hit by material and rtages an increased in- ale" production for use e simulated some lines en inventories of metal sed for the manufacture ds, particularly house- clothing trims. Alarm tent of 1,700,000 have from the prohibited list. edules of farm equip-

ment, batteries, refrigerators, can open- ers, and baking pans have been in- creased as have been wool allotments for civilian use.

Civilian goods production is now at about 75 per cent of the 1935-1939 level (FRB estimate). To picture the degree of allocation for civilian use of goods now being produced this figure must be tempered inasmuch as it includes such civilian heavy goods as residential and industrial construction and automobiles which have been practically eliminated by the war.

Not all civilian output is below pre-war levels however. Some soft goods, including textiles and food, are to be produced this year in as large or larger quantities than in 1935-1939, according to recent estimates by the U. S. Department of Commerce. Furniture, leather, gasoline, and chemical production available to civilians is expected to decline to about 60 per cent of the 1935-1939 average; paper and shoe production to about 70 per cent.

Increases in average wages paid continued to be larger than increases in the cost of living, fostered by an approximate billion dollar increase in war expenditures during March over the preceding months. Income payments to individuals were 3 per cent higher in March than the estimated annual rate of \$130,000,000 in December (FRB) while the cost of living index (NICB) advanced 1.8 per cent, a food price rise of 4.2 per cent being the predominant factor. As a result greater emphasis was placed on individuals' subscription to the recent \$13,000,000,000 war loan drive in an effort to absorb potential inflationary purchasing power.

Farmers are using their increased revenues to rid themselves of debt at

a higher rate than at any time since the last war. Farm mortgage indebtedness held by units of the Federal Farm Credit Agencies declined by \$250,000,000, or 6 per cent, during 1942. Prepayments of loans to Federal Land Banks and Federal Commissioners prior to maturity increased from \$30,000,000 in 1940 to \$87,000,000 in 1942. Preliminary estimates show over-all individual savings to be running about double those of the first quarter of 1942.

## Record Easter Sales

Early reports indicate April Easter buying exceeded the all-time high of last year despite the unusually prolonged Easter selling period, during which the advance rush of Spring buying in February and a high level of sales throughout March borrowed business from final pre-Easter volume. Women's apparel sales predominated, encouraged by the 4,700,000 increase in the number of women gainfully employed since March 1941. Flower, confectionery, jewelry, and gift shop volume was outstandingly high. Grocery sales also increased in April as housewives spent ration points more freely.

While March sales declined from a record peak in February, buying is estimated to have been 13 per cent above March of last year (U. S. Bureau of Foreign and Domestic Commerce). Independent stores enjoyed an increase of 13 per cent over a year ago whereas sample reports indicated chain store sales were 3 per cent higher. Sales in the Southwest and the Pacific Coast continued to register much better gains over last year than other regions of the country.

Activity in wholesale markets was

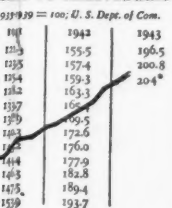
comparatively quiet in April in consideration of approaching retail inventory limitations and completion of most Easter buying, but was expected to rise in May as distributors prepared to rush Fall buying early to insure timely deliveries.

The gradual advance in wholesale prices almost reached a standstill this month as the rise in agricultural prices slowed. A fractional increase by mid-April was due largely to farm products and foods, with some advances in fuel and lighting materials. The USBS index, now at the highest level since 1925, is 6 per cent above a year ago.

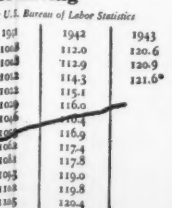
On continued heavy turnover stock market prices on April 6 reached a new peak since 1940. The consistent steady uptrend since last Spring carried the Dow-Jones industrial stock price average to 136.93, about 50 per cent above the low of 92.92 touched in April 1942. Although later in the month industrial and railroad stocks declined moderately from the peak, utility shares continued to rise.

Along with the tripling of the Federal debt since war broke out in 1939 from \$40,869,000,000 to \$125,000,000,000 by the end of April, commercial banks' holdings of Government securities have increased three and one-half times. Stimulated by the April war loan drive, Government obligations held by Federal Reserve Banks in 101 leading cities increased to a record \$30,487,000,000 from \$29,289,000,000 a month earlier and compared with \$8,565,000,000 in August 1939. Commercial, industrial, and agricultural loans, although still 40 per cent above 1939 levels, shrank further to \$5,594,000,000 by the end of April, compared with the peak of \$7,000,000,000 a year ago.

## Prices to Individuals



## Cost of Living



## Wholesale Commodity Prices

Index: 1926 = 100; U. S. Bureau of Labor Statistics

	1940	1941	1942	1943
January	79.4	80.8	96.0	101.9
February	78.7	80.6	96.7	102.5
March	78.4	81.5	97.6	103.4*
April	78.6	83.3	98.7	
May	78.4	84.9		
June	77.5	87.1	98.6	
July	77.7	88.8	98.7	
August	77.4	90.3	99.2	
September	78.0	91.8	99.6	
October	78.7	92.4	100.0	
November	79.6	92.5	100.2	
December	80.0	93.6	101.0	

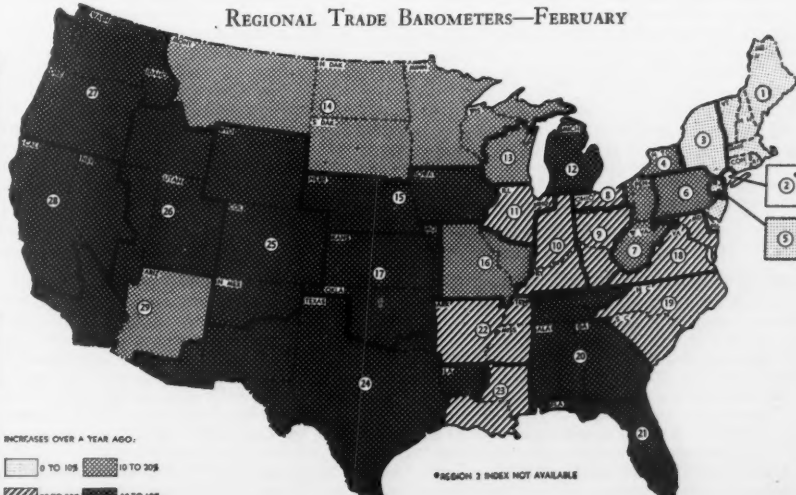
## Industrial Stock Prices

Monthly Average of Daily Index; Dow-Jones

	1940	1941	1942	1943
January	147.60	130.17	111.11	121.53
February	147.39	121.08	107.28	127.40
March	147.13	122.53	101.63	131.15
April	148.91	119.10	97.79	
May	147.46	116.41	98.43	
June	147.46	116.41	103.75	
July	122.23	127.57	106.94	
August	125.32	126.67	106.94	
September	131.46	127.35	117.37	
October	132.39	121.18	113.51	
November	133.90	116.91	115.31	
December	130.45	110.67	117.16	

\* Approximation; figure from quoted source not available.

## REGIONAL TRADE BAROMETERS—FEBRUARY



# TRADE ACTIVITY—A REGIONAL SUMMARY

U. S. AND REGIONAL

Seasonally adjusted; 1928-1932 = 100; compiled

## I. NEW ENGLAND REGION

FEB., 121.2 JAN., 108.7 FEB. 1942, 112.7

UNADJUSTED: FEBRUARY, 102.5; JANUARY, 98.3  
Barometer increase for month greater than country; year-to-year gain less. MARCH—Boston wholesale trade up 6% from 1942, Portland 5%; Springfield down. January farm income ranging from 8 to 17% higher than 1942. Maple sugar crop best in years. Factory employment 5 to 10% above last year; largest gains in Maine and Connecticut; decreases in New Hampshire and Rhode Island. Collections generally better than last year. APRIL—Largest retail sales over 1942 in smaller centers; department store sales up 31% in Boston compared with the post-Easter slump of a year ago. Canned seafood pack decreased markedly under 1942.

## 2. NEW YORK CITY REGION\*

MARCH—Retail trade decreased from February; moderate decline below last year contrasts with gain for country. Wholesale trade tightly sold with deliveries slow and orders heavy. Industrial payrolls increased 5% over February in New York area, gain of 27% over 1942 below State average. New York hotel volume running at boom levels, 33% higher than last year. Collections continue to run higher than last year. APRIL—New York City department store sales 18% above 1942, Bridgeport sales higher. The area's percentage of total war production increased with greater utilization of small plants; greatest rise in textile and metal-working shops. Unemployment decreasing steadily in New York City.

\* Barometer figures not available.

## 3. ALBANY AND SYRACUSE REGION

FEB., 135.7 JAN., 135.7 FEB. 1942, 131.9

UNADJUSTED: FEBRUARY, 131.8; JANUARY, 131.4  
Barometer remained stationary, failing to reflect country's monthly gain; showed lowest yearly gain in country. MARCH—Albany wholesale trade decreased 50% under 1942, Syracuse up 12%. Farm income reached top records; dairying costs estimated 15% higher than a year ago. Employment up 25% in Albany-Schenectady-Troy region over 1942, Syracuse 18%; payrolls increased greatly over last year. Collections steady to better than 1942. APRIL—Syracuse department store sales up 23% over the post-Easter decline of last year. Leather glove production in Gloversville high; arrival of raw hides lag.

## 4. BUFFALO AND ROCHESTER REGION

FEB., 131.6 JAN., 119.4 FEB. 1942, 118.9

UNADJUSTED: FEBRUARY, 122.9; JANUARY, 103.6  
Barometer improvement in month better than country; year-to-year increase under country average. MARCH—Buffalo wholesale trade 6% above last year, Rochester up 3%. Farm income running 8% over a year ago. Payrolls reached an all-high record, about 45% above a year ago in Buffalo, Syracuse; substantial increases in Niagara Falls, Lockport. Collections better than last year. APRIL—Rochester department store sales up 10%, Buffalo 36% as compared with the 1942 post-Easter slump. Buffalo steel rate at 104.5% of capacity. The fleet of freighters reconditioned for the navigation season is the largest in history.

## 5. NORTHERN NEW JERSEY REGION

FEB., 119.9 JAN., 113.3 FEB. 1942, 115.7

UNADJUSTED: FEBRUARY, 113.8; JANUARY, 98.7  
Barometer gain over last month less than country; increase over last year one of smallest recorded. MARCH—Wholesale trade in Newark up 15% over last year and up 6% over last month. Wholesale grocers report decrease of 35% under last year due to point rationing. Industrial employment in Newark and Paterson about 10% over 1942, Elizabeth up 5%; Jersey City down about 5%. Collections better than 1942. APRIL—Newark department store sales 24% above the post-Easter slump of last year. Paterson, New Brunswick retail trade well above a year ago. Northern New Jersey bank clearings even with 1942.

## 6. PHILADELPHIA REGION

FEB., 123.9 JAN., 115.2 FEB. 1942, 111.5

UNADJUSTED: FEBRUARY, 113.0; JANUARY, 98.8  
Barometer gain for month same as country average, year-to-year increase less than country. MARCH—Philadelphia wholesale trade 5% above 1942. Pennsylvania farm income in January increased 16% over a year ago. War plant activity increased employment over 1942; Philadelphia up about 6%, Lancaster 10%, Allentown-Bethlehem and Scranton 3%, Delaware 34%. Payrolls hit new highs in Philadelphia and Lancaster. Collections generally better than a year ago. APRIL—Department store sales in Philadelphia 34% above the post-Easter slump of last year. Chester production surpassed other shipbuilding centers in area.

## 7. PITTSBURGH REGION

FEB., 133.8 JAN., 128.8 FEB. 1942, 121.2

UNADJUSTED: FEBRUARY, 108.5; JANUARY, 108.5  
Barometer gains over last month and last year well below the country average. MARCH—Wholesale trade in Pittsburgh and Erie showed no change over last year, Charleston 15% higher. Fewer workers in steel rolling mills than last year; payrolls 15% higher. Collections steady to better than a year ago. APRIL—Pittsburgh department store sales up 12% compared with the 1942 post-Easter slump. In Pittsburgh area large-scale construction of low-priced housing under way. Steel industry continued at 102% of capacity in Pittsburgh, Wheeling 88%. Large new plant begins production in Charleston area.

## 8. CLEVELAND REGION

FEB., 170.2 JAN., 154.4 FEB. 1942, 137.1

UNADJUSTED: FEBRUARY, 153.3; JANUARY, 134.3  
Barometer showed substantial increase in the month; year-to-year gain was greater than the country. MARCH—Wholesale trade increased 10% over last year in Akron, Toledo 5%, and fell in Cleveland 5%. Industrial employment continues to rise, in Akron about 59% above 1942, in Cleveland 22%, and Toledo 15%. Payrolls rise in the rubber plants of Akron. Collections are steady to better than a year ago, steady with last month. APRIL—Department store sales in Cleveland up 33% over the post-Easter slump of last year. Cleveland steel rate at new peak, 99.5% of capacity, Youngstown at 95.5%.

## 9. CINCINNATI AND COLUMBUS REGION

FEB., 171.5 JAN., 161.8 FEB. 1942, 140.8

UNADJUSTED: FEBRUARY, 152.6; JANUARY, 134.3  
Monthly gain in barometer under country average; for last two months year-to-year gain has exceeded the country increase. MARCH—Wholesale trade increased in Cincinnati 30% over 1942. January farm income 28% over last year. Due to unfavorable weather and labor shortages, Winter wheat prospects much below 1942. Industrial employment increased about 25% over last year in Cincinnati, Dayton, Columbus. Collections are better than 1942. APRIL—Department store sales in Cincinnati increased 28%, in Columbus 60% over the post-Easter slump of last year. Dayton payrolls up 35 to 40% from a year ago.

## 10. INDIANAPOLIS AND LOUISVILLE REGION

FEB., 173.7 JAN., 171.4 FEB. 1942, 144.5

UNADJUSTED: FEBRUARY, 161.0; JANUARY, 152.2  
Barometer monthly gain one of the smallest noted in the country; gain over 1942 about equals country. MARCH—Wholesale trade in Louisville steady with last year, Indianapolis up 5%, Fort Wayne off 10%. Farm prices at new high for the war period; milk production over 1942 in Kentucky. Winter wheat prospects slightly below average. Employment steady in month with gain over last year of 15% in Louisville and Fort Wayne. Collections generally better than a year ago. APRIL—Department store sales in Indianapolis up 55% over the 1942 post-Easter slump. Louisville up 60%. Indianapolis industrial employment 25% above 1942.

## 11. CHICAGO REGION

FEB., 138.8 JAN., 122.4 FEB. 1942, 110.7

UNADJUSTED: FEBRUARY, 131.4; JANUARY, 107.4  
Barometer gains over last month and last year surpass the average gain of the country. MARCH—Wholesale trade in Chicago receded 3% below a year ago, 8% in Peoria, in Rockford gained 4%. Farm income up about 15% over 1942. Winter wheat crop hurt by severe weather. Industrial employment 25% above last year in South Bend, up 5 to 10% in Chicago; off in Gary. Collections generally better than 1942. APRIL—Chicago department store sales 17% above the 1942 post-Easter decline. Chicago steel production remains close to top capacity at 99.5%. Peoria industrial employment slightly larger than a year ago.

## 12. DETROIT REGION

FEB., 178.9 JAN., 166.5 FEB. 1942, 135.9

UNADJUSTED: FEBRUARY, 169.9; JANUARY, 148.2  
Monthly gain in barometer less than country, year-to-year increase considerably higher than country. MARCH—Wholesale trade decreased 6% under last year in Grand Rapids; up 5% in Detroit. January farm income up 6% over 1942 in Michigan. Winter wheat prospects above average. Employment in Grand Rapids down 5 to 10% under 1942, in Detroit up about 40%. Collections steady to better than last year. APRIL—Department store sales in Detroit up 21% over the post-Easter slump of last year. New plant at Willow Run to employ thousands more workers. Two new ore landing docks under construction at Escanaba.

REGION	Feb. 1943	Change from Feb. '42 %	Change from Jan. '43 %
U. S. ....	147.3	+21.2	+8.1
1. New England. ....	121.2	+7.5	+11.5
2. New York City. ....	+	+	+
3. Albany, Syracuse. ....	135.7	+2.9	0
4. Buffalo, Rochester. .	131.6	+10.7	+10.2
5. Northern New Jersey. .	119.9	+3.6	+5.8
6. Philadelphia. ....	123.9	+11.1	+7.6
7. Pittsburgh. ....	133.8	+10.4	+3.9
8. Cleveland. ....	170.2	+24.1	+10.2
9. Cincinnati, Columbus. .	171.5	+21.8	+6.0
10. Indianapolis, Louisville	173.7	+20.2	+1.3
11. Chicago. ....	138.7	+25.3	+13.3
12. Detroit. ....	178.9	+31.6	+7.4
13. Milwaukee. ....	167.6	+19.1	+2.8
14. Minneapolis, St. Paul. .	158.1	+13.7	+11.4

## THE BAROMETERS

The barometers are composite indexes of trade activity compiled by Dr. L. D. H. Weld, Director of Research, McCann-Ericson, Inc.; the monthly average for the years 1928-1932 inclusive equals 100. In each paragraph the indexes on the first line are adjusted for seasonal variation; the unadjusted figures are shown on the second line. References in the paragraphs are to the adjusted indexes. A map showing the relative changes in trade by regions as indicated by the barometers is on the preceding page. Indexes may be obtained in advance of their publication in DUN'S REVIEW by special arrangement with the editor.

## THE SUMMARIES

The material in the paragraph summaries covers the month of March and the first week of April.

<b>1. NEW ENGLAND</b> Bangor ..... 0 Boston ..... +4 Brookton ..... +7 Burlington ..... +5 Fall River ..... +9 Hartford ..... +6 Holyoke ..... +17 Lowell ..... +17 Lynn ..... +2 Manchester ..... +10 New Bedford ..... +2 New Haven ..... +3 Portland ..... +20 Providence ..... +3 Springfield ..... +2 Waterbury ..... +7 Worcester ..... +9	<b>6. PHILADELPHIA</b> Williamsport ..... +3 Wilmington ..... +11 York ..... +3	<b>11. CHICAGO</b> Allentown ..... +2 Altoona ..... +8 Camden ..... +3 Chester ..... +23 Harrisburg ..... +5 Hazleton ..... +12 Johnstown ..... +4 Lancaster ..... +13 Lebanon ..... +13 Norristown ..... +12 Philadelphia ..... +1 Reading ..... +3 Scranton ..... +8 Trenton ..... +2 Wilkes-Barre ..... +2
<b>2. NEW YORK CITY</b> Bridgeport ..... 7 New York City ..... +17 Stamford ..... +31	<b>7. PITTSBURGH</b> Butler ..... +3 Charleston ..... +1 Erie ..... +3 Franklin ..... +5 Greensburg ..... +2 Homestead ..... +1 Huntington ..... +3 Oil City ..... +12 Pittsburgh ..... +14 Sharon ..... +7 Warren ..... +26 Wheeling ..... +10 Youngstown ..... +5	<b>12. DETROIT</b> Adrian ..... 15 Battlesville ..... 16 Bay City ..... 17 Detroit ..... 18 Flint ..... 19 Grand Rapids ..... 20 Jackson ..... 21 Kalamazoo ..... 22 Lansing ..... 23 Saginaw ..... 24
<b>3. ALBANY AND SYRACUSE</b> Albany ..... +2 Binghamton ..... +10 Poughkeepsie ..... +9 Syracuse ..... +5 Utica ..... +16	<b>8. CLEVELAND</b> Akron ..... +14 Canton ..... +3 Cleveland ..... +10 Hamilton ..... +16 Lima ..... +2 Lorain ..... +3 Toledo ..... +4	<b>13. CINCINNATI AND COLUMBUS</b> Cincinnati ..... +2 Columbus ..... +12 Dayton ..... +35 Lexington ..... +22 Middletown ..... +1 Springfield ..... +26 Steubenville ..... +8 Zanesville ..... +22
<b>4. BUFFALO AND ROCHESTER</b> Buffalo ..... +8 Elmira ..... +5 Jamestown ..... +24 Rochester ..... +4	<b>9. INDIANAPOLIS AND LOUISVILLE</b> Evansville ..... +25 Fort Wayne ..... +12 Indianapolis ..... +6 Louisville ..... +5 Owensboro ..... +20 Terre Haute ..... +2	<b>14. MINNEAPOLIS AND ST. PAUL</b> Anckerly ..... 12 Bloomington ..... 13 Buffalo ..... 14 Duluth ..... 15 Eau Claire ..... 16 Fargo ..... 17 Grand Rapids ..... 18 Helen ..... 19 Iron River ..... 20 Jamestown ..... 21 La Crosse ..... 22 Mankato ..... 23 Marquette ..... 24 Minneapolis ..... 25 Moorhead ..... 26 Red Wing ..... 27 Rochester ..... 28 St. Cloud ..... 29 St. Paul ..... 30 Superior ..... 31 Winona ..... 32
<b>5. NORTHERN NEW JERSEY</b> Jersey City ..... +4 Montclair ..... +1 Newark ..... +5 Passaic ..... 0	<b>10. INDIANAPOLIS AND LOUISVILLE</b> Evansville ..... +25 Fort Wayne ..... +12 Indianapolis ..... +6 Louisville ..... +5 Owensboro ..... +20 Terre Haute ..... +2	<b>15. NEW BEDFORD</b> Barnstable ..... 15 Berkley ..... 16 Beverly ..... 17 Bridgewater ..... 18 Brockton ..... 19 Burlington ..... 20 Dorchester ..... 21 Fall River ..... 22 Falmouth ..... 23 Hartford ..... 24 Hingham ..... 25 Hyannis ..... 26 Marblehead ..... 27 Mattapoisett ..... 28 Methuen ..... 29 New Bedford ..... 30 Norfolk ..... 31 Plymouth ..... 32

## TRADE BAROMETER

for DUN'S REVIEW by Dr. L. D. H. Weld

REGION	Feb. 1943	Change from Feb. '42 %	Change from Jan. '43 %
15. Iowa, Nebraska.....	160.5	+39.3	+25.2
16. St. Louis.....	133.2	+13.7	+3.4
17. Kansas City.....	170.3	+39.7	+2.2
18. Maryland, Virginia.....	195.8	+20.2	+19.1
19. North, South Carolina.....	197.3	+27.3	-0.3
20. Atlanta, Birmingham.....	221.5	+30.5	+11.9
21. Florida.....	205.8	+31.8	+8.4
22. Memphis.....	194.1	+23.1	+15.0
23. New Orleans.....	155.1	+20.9	-0.4
24. Texas.....	213.8	+39.0	+7.4
25. Denver.....	181.3	+38.7	+9.4
26. Salt Lake City.....	184.2	+35.4	+7.7
27. Portland, Seattle.....	201.3	+37.3	+11.8
28. San Francisco.....	160.5	+35.4	+9.6
29. Los Angeles.....	144.3	+18.4	+4.6
		+ Unavailable.	

The estimates of trade changes and other reports in the paragraphs are based upon opinions and comments of business men in various lines of trade, gathered and weighed by local DUN & BRADSTREET offices. Department store sales figures are from the Federal Reserve Board; payroll and employment figures are from State Labor Departments and the U. S. Bureau of Labor Statistics.

## CITY LIST

How trade activity in March compared with that of a year ago is indicated generally for 292 cities throughout the country by these two sets of figures: spot estimates of retail sales (on the left) from local DUN & BRADSTREET offices; check transactions (on the right) from bank debits published by the Federal Reserve Board. The figures shown are percentage increases or decreases in March over the same month last year.

## 12. DETROIT

Adrian.....	+31
Battle Creek.....	+33
Bay City.....	+16
Detroit.....	+5
Flint.....	+16
Grand Rapids.....	+4
Jackson.....	+48
Kalamazoo.....	+13
Lansing.....	+54
Saginaw.....	+5

## 13. MILWAUKEE

Green Bay.....	+4
Manitowoc.....	+50
Milwaukee.....	+5
Oshkosh.....	+11
Sheboygan.....	+13

## 14. MINNEAPOLIS AND ST. PAUL

Aberdeen.....	+52
Billings.....	+6
Bismarck.....	+9
Butte.....	+9
DeWitt.....	+5
Duluth.....	+29
Eau Claire.....	+35
Fargo.....	+10
Grand Forks.....	+34
Great Falls.....	+18
Helena.....	+2
Ironwood.....	+101
Jamestown.....	+44
La Crosse.....	+5
Mankato.....	+10
Marquette.....	+163
Minneapolis.....	+10
Minot.....	+15
Red Wing.....	+24
Rochester.....	+13
St. Cloud.....	+7
St. Paul.....	+7
Sioux Falls.....	+10
So. St. Paul.....	+26
Superior.....	+47
Winona.....	+11

## 15. IOWA AND NEBRASKA

Cedar Rapids.....	+1
Clinton.....	+2
Davenport.....	+5
Des Moines.....	+12
Dubuque.....	+4
Fremont.....	+70
Lincoln.....	+46
Mason City.....	+6
Muscatine.....	+19
Omaha.....	+56
Sioux City.....	+28
Waterloo.....	+4

## 16. ST. LOUIS

East St. Louis.....	+21
Quincy.....	+4
St. Louis.....	+16
Sedalia.....	+22
Springfield.....	+5

## 17. KANSAS CITY

Atchison.....	+45
Bartlesville.....	+14
Emporia.....	+58
Enid.....	+44
Guthrie.....	+16
Hutchinson.....	+11
Independence.....	+57
Joplin.....	+22
Kansas City.....	+30
Lawrence.....	+49
Muskogee.....	+30
Oklahoma City.....	+35
Oklmulgee.....	+10
Pittsburg.....	+33
St. Joseph.....	+2
Salina.....	+119
Topeka.....	+20
Tulsa.....	+14
Wichita.....	+28

## 18. MARYLAND AND VIRGINIA

Baltimore.....	+13
Bristol.....	+10
Cumberland.....	+2
Danville.....	+3
Hagerstown.....	+4
Lynchburg.....	+7
Newport News.....	+36
Norfolk.....	+21
Portsmouth.....	+44
Richmond.....	+11
Roanoke.....	+1
Washington.....	+19

## 19. NORTH AND SOUTH CAROLINA

Asheville.....	+15
Charlotte.....	+15
Charlotte.....	+15
Columbia.....	+5
Durham.....	+49
Greensboro.....	+9
Greenville.....	+23
Raleigh.....	+5
Spartanburg.....	+15
Wilmington.....	+10
Winston-Salem.....	+8

## 20. ATLANTA AND BIRMINGHAM

Albany.....	0
Atlanta.....	+15
Augusta.....	-2
Birmingham.....	+6
Brunswick.....	+225
Chattanooga.....	+10
Columbus.....	+8
Dorham.....	+6
Elberton.....	+3
Knoxville.....	+16
Macon.....	+15
Mobile.....	+5
Montgomery.....	+10
Nashville.....	+8
Newnan.....	+5
Savannah.....	+10
Valdosta.....	+17

(Continued on next page)

## BAROMETERS FOR TWENTY-NINE REGIONS

## 13. MILWAUKEE REGION

FEB., 167.6 JAN., 163.0 FEB. 1942, 140.7

UNADJUSTED: FEBRUARY, 155.0; JANUARY, 137.6  
Monthly movement of barometer again less favorable than country; year-to-year increase also less than the country. MARCH—Wholesale trade up 5% in Milwaukee. Farm income in January was 14% above a year ago. Pasturage excellent. Milk production same as 1942; egg production larger. Industrial payrolls are up 35 to 40% in Wisconsin; best gains in Kenosha, Janesville, Manitowoc. Paper mill operations curtailed slightly in the Green Bay area. Collections are better than last year. APRIL—Milwaukee department store sales 31% over the post-Easter slump of last year. Cheese output rising seasonally but less than 1942.

## 14. MINNEAPOLIS AND ST. PAUL REGION

FEB., 158.1 JAN., 141.9 FEB. 1942, 139.0

UNADJUSTED: FEBRUARY, 135.3; JANUARY, 119.7  
Barometer increase for the month greater than country's gain; year-to-year changes less favorable than country for several months. MARCH—Wholesale trade in Great Falls and Sioux Falls steady with 1942; Minneapolis up 5%; Duluth down 15%. January farm income in the Northwest 42% over 1942. Montana pasturage condition good. Industrial employment in Minnesota about 27% over 1942, North Dakota 2%, South Dakota 7%; Montana off 5%. Collections better than last year. APRIL—Sioux Falls and La Crosse retail trade benefits from nearby cantonments. A Butte mill for the treatment of manganese ore is under construction.

## 15. IOWA AND NEBRASKA REGION

FEB., 160.5 JAN., 128.2 FEB. 1942, 115.2

UNADJUSTED: FEBRUARY, 143.1; JANUARY, 125.4  
Barometer increase in month again better than any other region; gain over 1942 one of the largest. MARCH—Wholesale trade in Sioux City 15% above last year; Omaha down 8%. January farm income about 15% over 1942. Winter wheat prospects much below 1942. Iowa egg production 16% over last year, Nebraska 27%. Industrial employment increased about 34% over 1942 in Iowa, Nebraska 66%. Collections steady to better than a year ago. APRIL—Nebraska department store sales 68% over the post-Easter slump of last year. Crop acreage increased with preference to corn; increases in soybean, flax, and potato also over last year.

## 16. ST. LOUIS REGION

FEB., 133.2 JAN., 128.8 FEB. 1942, 117.2

UNADJUSTED: FEBRUARY, 129.8; JANUARY, 113.2  
Barometer increased for the month; year-to-year gain less than country average. MARCH—Wholesale trade in St. Louis 10% over a year ago. Heavy frost damaged fruit and truck crops. Winter wheat prospects about 70% above the 1942 crop. Missouri farm income in January 30% ahead of a year ago. Industrial employment in St. Louis about 15% greater than 1942. Collections better than a year ago. APRIL—St. Louis department store sales 1% above last year's post-Easter slump. Cities in outlying districts showed small sales gain. St. Louis steel mills increased production from 104% to 107% of capacity.

## 17. KANSAS CITY REGION

FEB., 170.3 JAN., 166.7 FEB. 1942, 121.0

UNADJUSTED: FEBRUARY, 163.3; JANUARY, 143.3  
Barometer increased slightly in month; gain over a year ago continues among best in country. MARCH—Kansas City wholesale trade 40% ahead of a year ago, Oklahoma City up 10%. Although Winter wheat lacked rain, crop prospects about average. Kansas farm income in January 50% above last year, Oklahoma up 4%. Industrial employment in Kansas City about 20% greater than 1942, Oklahoma City up 5%, Tulsa up over 150%. Collections better than 1942. APRIL—Department store sales in Kansas City up 49% compared with the 1942 post-Easter slump. New industrial plants in Kansas City area boosting employment and income.

## 18. MARYLAND AND VIRGINIA REGION

FEB., 195.8 JAN., 165.8 FEB. 1942, 162.9

UNADJUSTED: FEBRUARY, 181.9; JANUARY, 143.7  
Marked gain in barometer in the month, increase from a year ago slightly less than country-wide gain. MARCH—Baltimore wholesale trade 10% above a year ago, Richmond up 2%, Norfolk even. Virginia farm income in January 31% ahead of last year, Maryland up 21%. Industrial employment in Baltimore about 30% above 1942, Richmond steady with a year ago. Cigarette production continues at peak. Collections generally better than a year ago. APRIL—Baltimore department store sales up 52% compared with last year's post-Easter decline. Baltimore steel, aviation, and shipbuilding industries booming.

## 19. NORTH AND SOUTH CAROLINA REGION

FEB., 197.3 JAN., 197.9 FEB. 1942, 155.0

UNADJUSTED: FEBRUARY, 170.4; JANUARY, 160.5  
Slight drop in barometer in month contrasts with rise for country; year-to-year increase well above country-wide gain. MARCH—Winston-Salem wholesale trade 3% above a year ago, Charleston up 8%, Wilmington up 15%. North and South Carolina farm income in January up 62 and 24% respectively over a year ago. Shipyards in Wilmington and cotton mills in Columbia working on 24-hour schedules. Collections better than a year ago. APRIL—Retail trade in Columbia and Spartanburg showed outstanding gains compared with last year's post-Easter slump; small cities continue to show the least gains. Bank clearings in Charleston 36% above last year.

## 20. ATLANTA AND BIRMINGHAM REGION

FEB., 221.5 JAN., 197.9 FEB. 1942, 169.7

UNADJUSTED: FEBRUARY, 202.5; JANUARY, 176.5  
Gains in barometer over a year ago continue substantially larger than country average. MARCH—Wholesale trade in Atlanta 13% ahead of 1942, Birmingham 15%, Nashville 5%. Georgia and Alabama farm income in January 40% ahead of last year. Industrial employment in Atlanta dropped about 4% below 1942; Birmingham up about 3%, Chattanooga 10%, Nashville 5%. Lumber production lagging in Georgia. Collections generally better than a year ago. APRIL—Atlanta department store sales 48% above the 1942 post-Easter slump, Birmingham up 15%, Nashville up 39%. Peach crop light; buds damaged by freeze.

## 21. FLORIDA REGION

FEB., 205.8 JAN., 189.8 FEB. 1942, 156.2

UNADJUSTED: FEBRUARY, 251.8; JANUARY, 202.9  
Barometer gains higher than last month; increases over a year ago substantially larger than country average. MARCH—Tampa wholesale trade 5% ahead of 1942, Jacksonville off 5%. Seasonal decline in citrus fruit shipments; this season's Florida grapefruit crop largest on record; tangerine production doubled, oranges up 28%. Industrial employment in Miami and Jacksonville about 40% greater than a year ago. Collections steady to better than 1942. APRIL—Miami department store sales up 33% compared with last year's post-Easter slump. Army buying in area largely offsets tourist trade decline.

## 22. MEMPHIS REGION

FEB., 194.1 JAN., 168.7 FEB. 1942, 157.7

UNADJUSTED: FEBRUARY, 177.4; JANUARY, 156.1  
Barometer registered a big gain in the month with larger increase over a year ago than the country. MARCH—Memphis wholesale trade 20% greater than last year. Production of Elberta peaches, comprising 80% of the Arkansas crop, greatly curtailed by extreme cold. Arkansas farm income for January 50% above a year ago. Memphis industrial employment continued at about 35% above 1942. Collections better than last year. APRIL—Department store sales in Memphis 55% above 1942, Little Rock up 68%, compared with last year's post-Easter decline. Army personnel aids in boosting retail trade volume in this area.

## 23. NEW ORLEANS REGION

FEB., 155.1 JAN., 155.8 FEB. 1942, 128.3

UNADJUSTED: FEBRUARY, 140.0; JANUARY, 143.3  
Barometer decline in month and drop from year ago contrasts with country-wide gain. MARCH—New Orleans wholesale trade 10% above a year ago. Cane sugar refining at a high level. Louisiana farm income for January 7% above 1942, Mississippi up 46%. Industrial employment in New Orleans over 50% greater than a year ago. Collections generally better than last year. APRIL—Retail trade recorded outstanding gains in Baton Rouge, Hammond, Houma, Ruston, Monroe, and Opelousas, compared with last year's post-Easter slump. New plants start operations in New Orleans, greatly benefiting employment.

## 24. TEXAS REGION

FEB., 213.8 JAN., 199.1 FEB. 1942, 153.8

UNADJUSTED: FEBRUARY, 202.3; JANUARY, 174.8  
Large gain in barometer in month, year-to-year increase one of the greatest in country. MARCH—Wholesale trade 20% ahead of a year ago in Dallas, San Antonio up 6%, Fort Worth up 16%, Shreveport up 20%, Houston off 5%. Farming and cattle industry benefited by needed rains. January farm income in Texas increased over 40% compared with 1942. Large factory payroll gains in Austin, Fort Worth, Galveston, Sherman; Beaumont more than double 1942. Collections better than last year. APRIL—Dallas department store sales 83% above last year's post-Easter drop. Crude oil output 27% above last year.

# BAROMETERS FOR TWENTY-NINE REGIONS

## 25. DENVER REGION

FEB., 181.3 JAN., 165.7 FEB. 1942, 130.7  
UNADJUSTED: FEBRUARY, 170.0; JANUARY, 147.8

Barometer rise in month again larger than country; for past twelve months year-to-year changes more favorable than country average. MARCH—Denver wholesale trade increased 9% over last year. January farm income about 25% larger than 1942 in Colorado; 15% in Wyoming. Pastureage generally good; increases in planting acreages of dry beans and all sorghums. Industrial employment up 45% from 1942 in Colorado; down in Wyoming and New Mexico. Collections better than last year. APRIL—Department store sales in Denver 34% above the post-Easter decline of last year. Denver employment about 65% above 1942; unemployment at new low.

## 26. SALT LAKE CITY REGION

FEB., 184.2 JAN., 171.1 FEB. 1942, 136.0  
UNADJUSTED: FEBRUARY, 160.0; JANUARY, 151.7

Barometer continues to record outstanding gains over last year; rise in month less than the country average. MARCH—Wholesale trade in Salt Lake City down 10% from last year. January farm income up 26% in Utah, Idaho up 21%. Industrial employment in Idaho increased 5% over a year ago, Utah 55 to 60% with a tremendous increase in Salt Lake City—Ogden—Provo area as war production expands. Collections are better than last year. APRIL—Salt Lake City department store sales running 55% ahead of the post-Easter slump of last year. Copper mines in Utah increasing operations.

## 27. PORTLAND AND SEATTLE REGION

FEB., 201.3 JAN., 180.1 FEB. 1942, 146.6  
UNADJUSTED: FEBRUARY, 173.7; JANUARY, 151.4

Barometer made good gains in month, year-to-year gain continues to rank with best in nation. MARCH—Seattle wholesale trade 8% over 1942, Portland up 20%. Cattle

and hog prices highest since 1920. Winter wheat outlook about 45% below bumper 1942 crops. January farm income in Washington 31% above last year, Oregon up 6%. Portland and Tacoma industrial employment over 100% greater than last year, Spokane up slightly. Collections better than 1942. APRIL—Department store sales in Seattle up 27%, Portland up 37% compared with last year's post-Easter slump. Lumber production continues well below the 1942 output.

## 28. SAN FRANCISCO REGION

FEB., 160.5 JAN., 146.5 FEB. 1942, 118.5  
UNADJUSTED: FEBRUARY, 151.0; JANUARY, 132.0

Barometer increased well in month; the region showing one of the largest gains over a year ago. MARCH—San Francisco wholesale trade 12% above a year ago. Farm income in California 10% above January last year. Sugar beet acreage less than 50% of 1942. Industrial employment in San Francisco Bay industrial area about 80% greater than 1942; payrolls over 100% larger. Collections better than a year ago. APRIL—San Francisco department store sales 39% above last year's post-Easter slump, Oakland 45%. New plants opened in the San Joaquin Valley. Fresno war production activity makes Fresno farm labor problem more acute.

## 29. LOS ANGELES REGION

FEB., 144.3 JAN., 138.0 FEB. 1942, 121.9  
UNADJUSTED: FEBRUARY, 141.1; JANUARY, 129.1

Barometer showed good increase in month, gain in year below country average. MARCH—Wholesale trade in Los Angeles 5% greater than 1942. Arizona grapefruit production 30% below last season; early rains affected California orange crop. Excellent spinach and asparagus yield. Calf crop above average. Industrial employment in Los Angeles about 45% above last year; payrolls up about 70%. Collections generally better than 1942. APRIL—Los Angeles department store sales 43% above the 1942 post-Easter drop. War industries in Arizona lifting employment to 40% above 1942.

How trade activity in March compared with that of a year ago is indicated generally by the figures below. The figures for percentage changes shown below are for: retail trade (left, in *italics*) and check transactions (right).

## 21. FLORIDA

Jacksonville .....+10 +30  
Miami .....+5 +20  
Pensacola .....+35  
Tampa .....+30 +57

## 22. MEMPHIS

El Dorado .....+45  
Fort Smith .....+4  
Greenville .....+34  
Helena .....+82  
Little Rock .....+18 +4  
Memphis .....+25 +13  
Pine Bluff .....+24  
Texarkana .....+45

## 23. NEW ORLEANS

Hattiesburg .....+13  
Jackson .....+8 -8  
Meridian .....+4  
New Orleans .....+10 +22  
Vicksburg .....+102

## 24. TEXAS

Arlington .....+37  
Amarillo .....+26  
Austin .....+35 +105  
Beaumont .....+52  
Corpus Christi .....+34  
Dallas .....+25 +27  
El Paso .....+15 +24  
Fort Worth .....+27 +57  
Galveston .....+17  
Houston .....+2 +31  
Lubbock .....+24  
Port Arthur .....+48  
Roswell .....+35  
San Antonio .....+18 +30  
Shreveport .....+5 +14  
Texarkana .....+59  
Tyler .....+38  
Waco .....+45 +67  
Wichita Falls .....+18 +23

## 25. DENVER

Albuquerque .....+2 +36  
Casper .....+4  
Cheyenne .....+71  
Colorado Springs .....+34  
Denver .....+10 +31  
Grand Junction .....+43  
Pueblo .....+35

## 26. SALT LAKE CITY

Boise .....+40  
Ogden .....+113  
Salt Lake City .....+22 +26

## 27. PORTLAND AND SEATTLE

Bellingham .....+23  
Everett .....+4  
Portland .....+18 +35  
Salem .....+24  
Seattle .....+4 +41  
Spokane .....+30 +41  
Tacoma .....+10 +57  
Walla Walla .....+29  
Yakima .....+42

## 28. SAN FRANCISCO

Bakersfield .....+3  
Berkeley .....+13  
Fresno .....+8 +26  
Oakland .....+20 +75  
Reno .....+27  
Sacramento .....+7 -9  
San Francisco .....+12 +32  
San Jose .....+38  
Stockton .....+43

## 29. LOS ANGELES

Long Beach .....+40  
Los Angeles .....+8 +17  
Pasadena .....+20  
Phoenix .....+6 +51  
Riverside .....+31  
San Bernardino .....+50  
San Diego .....+123  
Santa Barbara .....+28

# SIGNIFICANT BUSINESS INDICATORS

COMPILED BY THE STATISTICAL STAFF OF "DUN'S REVIEW"

More detailed figures appear in "DUN'S STATISTICAL REVIEW." Back figures available upon request.

## Wholesale Food Price Index

The Index is the sum of the wholesale price per pound of 31 commodities in general use.

1943		1942	
Apr. 27.....	\$4.11	Apr. 28.....	\$3.68
Apr. 20.....	4.09	Apr. 21.....	3.66
Apr. 13.....	4.10	Apr. 14.....	3.65
Apr. 6.....	4.10	Apr. 7.....	3.63
Mar. 30.....	4.10	Mar. 31.....	3.60
Mar. 23.....	4.11	Mar. 24.....	3.57
Mar. 16.....	4.09	Mar. 17.....	3.57
Mar. 9.....	4.09	Mar. 10.....	3.59
Mar. 2.....	4.07	Mar. 3.....	3.57
Feb. 23.....	4.06	Feb. 24.....	3.56
Feb. 16.....	4.06	Feb. 17.....	3.55
Feb. 9.....	4.05	Feb. 10.....	3.53
Feb. 2.....	4.04	Feb. 3.....	3.51
Jan. 26.....	4.03	Jan. 27.....	3.51
Jan. 19.....	4.03	Jan. 20.....	3.47
Jan. 12.....	4.03	Jan. 13.....	3.47
Jan. 5.....	4.04	Jan. 6.....	3.45
1942		1941	
Dec. 29.....	\$4.02	Dec. 30.....	\$3.43
Dec. 22.....	4.02	Dec. 23.....	3.42
Dec. 15.....	4.00	Dec. 16.....	3.39
Dec. 8.....	3.97	Dec. 9.....	3.37
Dec. 1.....	3.96	Dec. 2.....	3.33
Nov. 24.....	3.95	Nov. 25.....	3.34
Nov. 17.....	3.94	Nov. 18.....	3.32
Nov. 10.....	3.94	Nov. 11.....	3.31
Nov. 3.....	3.92	Nov. 4.....	3.28
Oct. 27.....	3.91	Oct. 28.....	3.28
Oct. 20.....	3.91	Oct. 21.....	3.26
Oct. 13.....	3.87	Oct. 14.....	3.29
HIGH		LOW	
1943.. Mar. 23..	\$4.11	Jan. 12..	\$4.03
1942.. Dec. 22..	4.02	Jan. 6..	3.45
1941.. Dec. 30..	3.43	Jan. 7..	2.50
1940.. Dec. 10..	2.49	June 18..	2.18
1939.. Sept. 19..	2.46	Aug. 15..	2.13
1937.. Mar. 16..	3.01	Dec. 28..	2.56
1933.. July 18..	2.08	Jan. 31..	1.49
1929.. Feb. 28..	3.52	Dec. 12..	3.11
1919.. July 31..	5.30	Feb. 13..	4.58

## Building Permit Values—215 Cities

	Mar. 1943	Mar. 1942	% Change	Feb. 1943	% Change
New England...	\$1,999,765	\$7,377,916	-72.9	\$1,465,403	+36.5
Middle Atlantic...	6,626,383	16,202,758	-59.1	9,439,130	-29.8
South Atlantic...	3,889,784	8,189,855	-52.5	2,242,260	+73.5
East Central...	6,850,409	34,400,429	-80.1	6,768,769	+1.2
South Central...	5,576,599	10,103,616	-44.8	3,446,889	+61.8
West Central...	1,735,881	7,313,410	-76.3	1,453,529	+19.4
Mountain...	751,945	2,501,316	-69.9	1,761,157	+326.9
Pacific...	7,354,243	16,656,892	-55.8	3,644,699	+101.8
Total U. S. ....	\$34,785,009	\$102,746,192	-66.1	\$28,636,836	+21.5
New York City...	\$1,645,510	\$8,112,145	-79.7	\$5,356,969	-69.3
Outside N. Y. C.	\$33,139,499	\$94,634,047	-65.0	\$23,279,867	+42.4

## Bank Clearings for Individual Cities

(Thousands of Dollars)

	Mar. 1943	Mar. 1942	% Change	Feb. 1943	% Change
Boston.....	1,617,889	1,319,658	+22.6	1,250,743	+29.4
Philadelphia...	2,843,000	2,482,000	+14.5	2,262,000	+25.7
Buffalo.....	264,397	221,139	+19.6	213,337	+23.9
Pittsburgh.....	1,090,417	906,871	+20.2	897,116	+21.5
Cleveland.....	910,798	739,645	+23.1	707,236	+28.8
Cincinnati...	490,217	413,966	+18.4	390,668	+25.5
Baltimore.....	658,288	521,132	+26.3	524,638	+25.5
Richmond.....	307,186	240,100	+27.9	261,821	+17.3
Atlanta.....	541,500	440,700	+22.9	457,800	+18.3
New Orleans...	374,777	278,451	+34.6	295,777	+26.7
Chicago.....	2,011,290	1,776,639	+13.2	1,639,654	+22.7
Detroit.....	1,578,259	968,926	+62.9	1,275,353	+23.7
St. Louis.....	735,385	594,515	+23.7	595,728	+23.4
Louisville.....	300,926	238,437	+26.2	276,171	+9.0
Minneapolis...	580,187	418,892	+38.5	426,553	+36.0
Kansas City...	862,612	621,750	+38.7	699,553	+23.3
Omaha.....	335,814	201,846	+66.4	250,350	+34.1
Denver.....	230,550	177,672	+29.8	188,601	+22.2
Dallas.....	458,546	376,433	+21.8	362,696	+26.4
Houston.....	397,794	309,896	+28.4	324,187	+22.7
San Francisco...	1,117,490	903,949	+23.6	887,819	+25.9
Portland, Ore...	346,532	257,148	+34.8	270,206	+28.2
Seattle.....	427,993	321,866	+33.0	331,613	+29.1
Total 23 Cities...	18,481,847	14,731,631	+25.5	14,789,620	+25.0
New York.....	20,862,898	15,537,673	+34.3	17,169,426	+21.5
Total 24 Cities...	39,344,745	30,269,304	+30.0	31,959,046	+23.1
Daily Average...	1,457,213	1,164,204	+25.2	1,452,684	+0.3

## Daily Wholesale Price Index

(1930-1932 = 100)

The Index is prepared from the spot closing prices of 30 basic commodities.

	1943			
	Apr.	Mar.	Feb.	Jan.
1.....	172.32	171.23	169.39	*.....
2.....	172.40	171.83	169.37	166.61
3.....	172.37	171.80	168.98	166.61
4.....	172.37	171.80	169.10	167.22
5.....	172.25	171.80	169.11	167.23
6.....	171.89	171.94	169.17	166.94
7.....	172.00	171.80	169.17	167.51
8.....	171.82	172.05	169.11	167.90
9.....	171.24	172.01	168.73	168.33
10.....	171.34	171.73	168.93	168.33
11.....	171.03	171.21	169.37	168.26
12.....	171.03	171.21	169.37	167.56
13.....	170.96	171.24	169.39	167.33
14.....	171.41	171.24	169.39	167.54
15.....	171.00	170.89	169.29	167.82
16.....	171.11	171.15	169.86	168.23
17.....	171.14	171.47	169.83	168.23
18.....	171.41	171.60	169.98	168.24
19.....	171.93	171.51	170.13	168.17
20.....	171.54	171.58	170.10	168.08
21.....	171.78	171.92	170.20	168.76
22.....	171.66	171.95	171.03	168.62
23.....	171.60	171.81	171.30	168.67
24.....	171.79	171.74	169.25	169.25
25.....	171.64	171.82	169.25	169.25
26.....	171.64	171.82	169.25	169.25
27.....	171.64	171.82	169.25	169.25
28.....	171.64	171.82	169.25	169.25
29.....	171.64	171.82	169.25	169.25
30.....	171.64	171.82	169.25	169.25
31.....	171.64	171.82	169.25	169.25

+ Sunday. \* Market closed.

	HIGH		LOW	
1943..	172.40	Apr. 2	166.61	Jan. 2
1942..	166.02	Dec. 30	151.54	Jan. 2
1941..	150.54	Dec. 12	123.03	Feb. 17
1940..	124.84	Dec. 31	112.42	Aug. 19

## FAILURE DROP SLACKENS IN MARCH

**I**n March, the movement of failures was seasonally normal. The general downward movement continued but contrary to the situation in recent months it did not exceed the usual drop for the season of the year. A decline of about 10 per cent in the rate of failure left the seasonally adjusted index unchanged at its February level, halting at least temporarily its down-hill course. The index was still at the lowest point on record, and about 58 per cent lower than a year ago.

**Summary:** Outstanding were a slackening in the rate of decline of retail failures, an increase in manufacturing failures, and eleven large failures which swelled the amount of liabilities considerably above the amounts in recent months. With the exception of twelve in December, this was the largest number of failures with liabilities of \$100,000 or more since last June. Failures in wholesale trade, construction, and commercial service were little changed from February levels.

A falling off of failures in March was pronounced in most sections. A substantial increase, however, occurred in the New York area.

Under normal conditions the 25 largest cities contribute about half the monthly failures, but since the latter part of 1942 failures have not dropped as rapidly in the large cities as elsewhere, and especially in recent months an increasing proportion have come from the largest cities; 55 per cent in January, 58 per cent in February, and 64 per cent in March.

Failures in the first quarter of 1943 were down 56 per cent from the first quarter of 1942. Declines by industry group and by size were fairly uniform, although distribution failures have dropped somewhat faster than other types; construction failures the least. Likewise the decline has been some-

what sharper among the small failures.

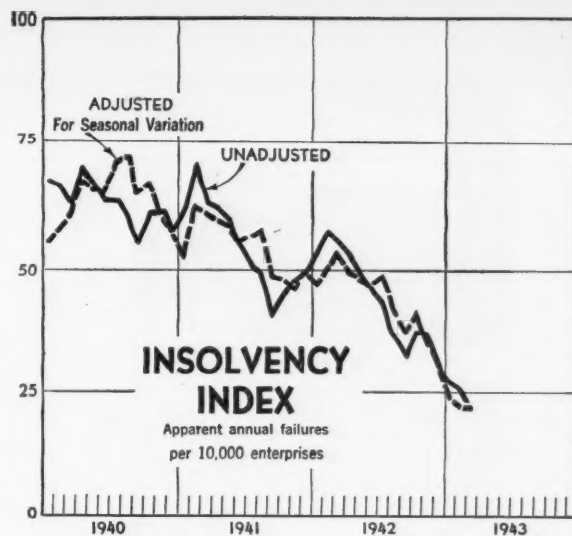
**Manufacturing:** The March rise in failures per day amounted to 7 per cent, and was more widely distributed among the various lines than any rise since last March when they were at a peak. The decline since has been in the neighborhood of 50 per cent in textile products, lumber products, and in paper and printing; from 30 to 40 per cent in iron, steel, and machinery products, and most drastic in the large food group. Stone, clay, and glass product failures, although relatively few in number, were as frequent as a year ago.

Not since the end of 1941 were large manufacturing failures as numerous as in March. There were eight compared with two in February and six a year ago. They included a coal mine, a brewery, and manufacturers of mill work, other wooden products, engines, and airplane parts.

**Retail Trade:** The decline was much less marked than in recent months. The general downtrend was continued in foods, apparel, and hardware; among restaurants and furniture stores there was some increase. Failures in the automotive group, which showed a tendency to rise in January and February, dropped off in March.

A year ago retail failures were relatively high and had not yet started on their sharp downward course. Since then they have dropped 65 per cent as a whole; from 60 to 70 per cent in foods, general merchandise, furniture, hardware, and drug lines, and around 75 per cent in apparel shops and in the automotive group. Restaurant failures were down only 30 per cent.

Canadian failures numbered 35 in March with liabilities of \$445,000 compared with 29 in February with debts of \$1,678,000. A year ago there were 56 with liabilities of \$603,000.



	March 1943	February 1943	March 1942	Per Cent Change
DUN'S INSOLVENCY INDEX*				
Unadjusted	23.2	25.6	54.0	-57
Adjusted, seasonally	22.3	22.3	52.9	-58
NUMBER OF FAILURES	410	422	1,048	-61
NUMBER BY SIZE OF DEBT				
Under \$5,000	223	222	541	-59
\$5,000-\$25,000	149	166	404	-63
\$25,000-\$100,000	27	31	85	-68
\$100,000 and over	11	3	18	-39
CURRENT LIABILITIES	\$7,282	\$4,163	\$12,011	-39
TOTAL LIABILITIES	\$7,858	\$4,213	\$13,241	-41

\* Apparent annual failures per 10,000 enterprises.  
More detailed figures appear in DUN'S STATISTICAL REVIEW.

### FAILURES BY DIVISIONS OF INDUSTRY

	Number		Liabilities	
	Mar. 1943	Mar. 1942	Mar. 1943	Mar. 1942
<b>(Current liabilities in thousands of dollars)</b>				
MINING, MANUFACTURING	79	188	4,144	3,739
Mining—Coal, Oil, Miscellaneous	2	6	100	299
Food and Kindred Products	8	43	169	1,102
Textile Mill Products, Apparel	16	36	162	427
Lumber, Lumber Products	12	25	368	390
Paper, Printing, Publishing	10	24	165	493
Chemicals and Allied Products	4	4	52	22
Leather, Leather Products	1	8	20	204
Stone, Clay, Glass Products	4	4	76	124
Iron and Steel, and Products	4	7	97	166
Machinery	7	10	2,441	191
Transportation Equipment	1	3	244	25
Miscellaneous	10	18	250	296
WHOLESALE TRADE	35	85	390	1,369
Food and Farm Products	7	30	31	521
Apparel	1	2	8	27
Dry Goods	2	4	17	53
Lumber, Bldg. Mats., Hardware	6	11	156	341
Chemicals and Drugs	2	3	16	13
Motor Vehicles, Equipment	1	7	15	34
Miscellaneous	16	28	147	380
RETAIL TRADE	232	650	1,540	4,813
Food and Liquor	61	196	320	846
General Merchandise	9	26	49	137
Apparel and Accessories	20	82	110	929
Furniture, Home Furnishings	14	41	107	350
Lumber, Bldg. Mats., Hardware	10	32	102	396
Automotive Group	15	60	131	454
Eating and Drinking Places	70	99	549	752
Drug Stores	18	53	124	423
Miscellaneous	15	61	48	526
CONSTRUCTION	41	77	903	896
General Building Contractors	22	28	634	485
Building Sub-contractors	18	48	239	395
Other Contractors	1	1	30	16
COMMERCIAL SERVICE	23	48	305	1,194
Highway Transportation	2	23	23	845
Miscellaneous Public Services	1	3	2	30
Hotels	3	3	64	64
Cleaning, Dyeing, Repairing	4	2	52	5
Laundries	6	3	174	96
Undertakers	1	1	17	3
Other Personal Services	3	3	11	49
Business and Repair Services	6	10	26	102



HARRIS & EWING

**Swamped  
with Work?**



**Save Man-Power and  
Speed Production with  
APeCO PHOTOCOPY  
MACHINE**

Is your production being held up, slowed down or pushed aside waiting for COPIES of letters, blueprints, specifications, records, contracts and other papers? Here is a machine that multiplies Man-Power — releasing men, women and their equipment for other work.

**SAVE MAN-HOURS  
USE FEWER EMPLOYEES**

Speed up your production — Save valuable hours now spent on copying and tracing by making PHOTO-EXACT copies of any form at small expense. Get copies right in your own place of business, without delays. APeCO makes copies up to 18x22" — 1 to 100 copies or more. No chance for error! Legally acceptable.

**FOOLPROOF OPERATION**

With our simple instructions, any office boy or girl can produce perfect, photo-exact copies of anything written, printed, drawn or photographed. No special skill or dark room is needed.

**PROMPT DELIVERY**

On machines and supplies. Write for FREE folder now! Representatives in all principal cities and Canada.

**Saves Time  
In Copying**

Letters  
Blueprints  
Drawings  
Work Orders  
Specifications  
Records  
and other  
papers

**\$55**

F.O.B. CHICAGO



**AMERICAN PHOTOCOPY EQUIPMENT COMPANY**  
2849 N. Clark Street Dept. A-57 Chicago, Illinois



**Liberty BOXES**

**are vital to War Plant efficiency**

Liberty Boxes lend order to record storage in hundreds of war plants. The urgency of need among such plants may be measured by the high priority ratings we receive to insure preference in shipping.

As a necessity to safe, efficient and economical business conduct Liberty Boxes are still available to all — but — war plants come first. All other orders are shipped in the same order they are received, and frankly, there may be several weeks delay.

So, avoid possible disappointment by anticipating your needs now. Hedge by placing orders immediately. In this case it's smart business, and it will help ease the burden on transportation by leveling off midyear and year end seasonal shipping.

23 Standard Sizes for letters, checks, production records, etc. Write for complete details and FREE Manual of Record Storage Practice.

**BANKERS BOX COMPANY**

Established 1918

536 S. CLARK STREET • CHICAGO, ILL.

## LET'S TACKLE *the* FIRST POST-WAR PROBLEM, NOW

(Continued from page 14)

contracts. The current liabilities consisted of \$800,000, leaving a moderate net working capital of \$250,000.

This concern is operating at capacity and obviously is in a strained financial condition brought about by the desire of the management to obtain absolute maximum production from its cramped plant. The financial condition is typical of many manufacturing enterprises in all parts of the country that are engaged solely in the production of war materials and supplies. Business concerns that are operating only partially on war work are in less strained condition, depending generally upon the percentage of their production which represents war activity. A manufacturer of war materials and supplies in this strained financial condition could be financed, as we have already seen, in any one or several combinations of different ways.

### How Many Months?

In the first place, if this particular enterprise was financing itself in the traditional manner, the current liabilities would consist of approximately \$200,000 accounts payable due for the purchase of raw materials on open account, and \$600,000 to a financing institution, on some secured basis. In case of the complete cancellation of its war contracts, the manufacturer would be compelled to wait until settlements were obtained from its two prime contractors for the \$325,000 outstanding receivables and an adjustment on the \$650,000 inventory, depending upon how much could possibly be salvaged for peacetime production.

Whether two months or twenty-two months would join the pages of history before this settlement would be signed, no one could possibly foretell. The length of that period would be largely a matter of negotiations between each of the two prime contractors and the Federal Government, and then the final settlement between each of these prime contractors and the subcontractor, settlements which previously would have been negotiated. Unfortunately,

business men have learned that water can certainly flow over the proverbial dam while negotiations, in which the Federal Government is directly or indirectly a party at interest, are under way.

During this interim, interest on the bank loan would accumulate, and at least part of the bank loan would mature. There would be no funds with which to repay the entire \$600,000 loan. If either or both of the prime contractors happened to be in strong financial condition, some payment might be made to reduce the receivables of \$325,000. If both prime contractors were in strained financial condition, payments to reduce the receivables could only be made as they received cash from the Federal Government.

If some payment were received to reduce the receivables of \$325,000 the bank might then insist that whatever cash might be on hand, or which might have been received, now be used to reduce its loan. After the application of available cash to the bank loan, the manufacturer of radio parts would be caught between the two crushers of accumulating interest and payroll obligations which must be met weekly if the concern were to continue in the competitive struggle of our American economic world. At the same time, little or no funds would be available to retool and convert its plant for immediate peacetime production.

Contractors that are being financed by loans from a Federal Reserve Bank, from the Reconstruction Finance Corporation, or from the Smaller War Plants Corporation would be in the same position. Some more favorable negotiations might possibly be carried on with these institutions as far as deferring interest and not applying available cash to maturing loans is concerned, as these institutions operate with public or quasi-public funds and so might possibly be somewhat more lenient in protecting their own interests than regular commercial banking institutions or finance companies operating on private capital. This assumption



## **Ships, too, are here to stay**

**N**EVER before has so great a flood of materials poured from the doors of industry and into the holds of ships. The end of the war, far from cutting off this flood, will merely change its nature from munitions to merchandise.

Shipping will be as vital in winning the peace as it is in winning the war. But old cargo carriers will not long be adequate to maintain the pace of tomorrow's global trade. Into their midst are sure to come new speedsters for ocean express—light-footed craft with structural parts of strong, corrosion-resistant alloys.

Exactly what they will look like, only naval architects might now dare to pre-

dict. But it is certain that, in addition to the standard marine metals, a host of new materials will present claims for a part in the construction of these ships. Where and how can each serve the shipbuilder best? Which will be most economical, efficient, enduring, for what purpose?

Revere can supply impartial answers to many of the questions about metals that beset industry. For just as industry in the future will not be restricted to the traditional materials, neither will Revere. Since the start of the war, Revere has not only broadened still further the uses for copper and its alloys, but has developed facilities for manufacture of the light metals, and

is pioneering in the production of entirely new alloys that can cut manufacturing costs for many industries.

Today the copper industry is working all-out for victory. No copper is available for anything else. But post-war planners with specific problems in metals are referred directly to the Revere Executive Offices in New York.

**REVERE**

**COPPER AND BRASS INCORPORATED**

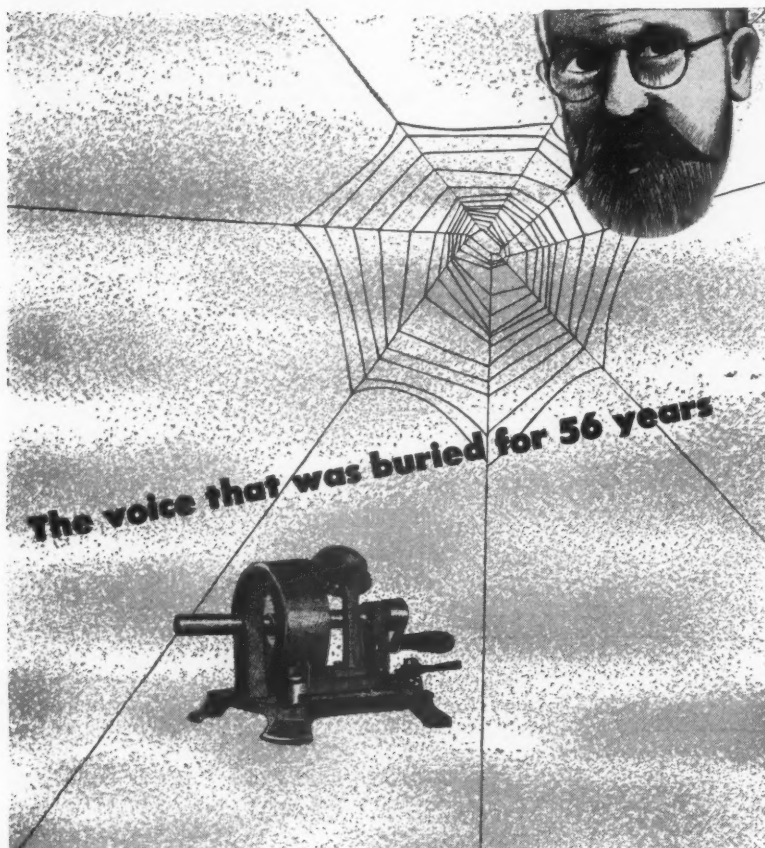
*Founded by Paul Revere in 1801*

Executive Offices: 230 Park Ave., New York

"THERE ARE MORE THINGS in heaven and earth, Horatio, than are dreamed of in our philosophies."

That passage from Hamlet was spoken to the original "graphophone" invented in 1881 by Alexander Graham Bell, Chichester Bell and Charles Sumner Tainter. It was recorded on a wax cylinder, which was sealed in a metal box. For over half a century, that box reposed in a dark vault at the Smithsonian Institution, Washington.

In 1937, in the presence of representatives of the inventors, the box was opened and the first practical sound recording was replayed. Every word was heard plainly . . . and precisely as it had been spoken 56 years before!



During the busy years bridged by those two events, thousands of Dictaphone dictating machines, developed from the original Bell and Tainter Graphophone patent, had gone into service in business offices around the world.

Coming as the first challenge to an out-moded system of dictation which had endured since the days of the Greeks and Romans, Dictaphone saved time and effort — expedited the flow of work — made executives the *masters* rather than the *slaves* of daily routine.

Today, sound recording technique is being developed further in the Dictaphone Laboratories. While a host of Dictaphone users are finding literally no limit to the capacity and versatility of Dictaphone in meeting the pressure of war work, Dictaphone sound engineers are readying improved voice recording methods for the Army, the Navy and vital war services. After the war, the Dictaphone method of dictation will more than ever be a "must" for busy men everywhere.

Dictaphone Corporation, 420 Lexington Avenue, New York.



## DICTAPHONE

ACOUSTICORD DICTATING EQUIPMENT  
ELECTRICORD RECORDING EQUIPMENT

The word DICTAPHONE is the Registered Trade-Mark of Dictaphone Corporation, Makers of Dictating Machines and Accessories to which said Trade-Mark is Applied.

tion is the most favorable one which could be made, and certainly is not based on the records and policies of these institutions.

Contractors operating only partially on war work would not be so extended, and, depending upon their financial condition, would or would not be able to borrow additional cash from their depository banks in the traditional manner to carry receivables and inventory, to meet payrolls, and to convert to peacetime operations.

In the second place, the manufacturer, if a prime contractor and not a subcontractor, might be financing itself by partial or progress payments from the Federal Government. In this situation, the prime contractor presumably would be short of working capital and would have little or no funds with which to turn around, as partial or progress payments generally have been sought by manufacturers that have been unable to obtain bank credit and so were in critical need of this particular type of financing.

### Cash to Use

In the third place, the manufacturer might be financing itself by an advance from the Federal Government, if it were a prime contractor and not a subcontractor. The \$600,000 due to the bank in the first case, would now represent an advance from the Federal Government. In this situation, the advance account would be frozen and negotiations might be carried on with a representative of the Federal Government to offset the \$325,000 of receivables (which in this case would be due from the Army, the Navy, or the U. S. Maritime Commission) and the inventory. Whether any cash on hand could be retained and could be used to meet payrolls, to retool, and to convert for peacetime operations would be a matter of negotiation.

In the fourth place, the \$600,000 bank debt might represent a Regulation V loan. In this case the manufacturer would have very tangible and definite advantages. From the date of the cancellation of more than 25 per cent of its war contracts, no interest would be paid on the proportionate part of the loan, and the maturity of that proportion, as we have seen, would be automatically extended until ten days after full settlement. In case of 100 per cent

*For 48-Hour Wartime Workweek . . .*

**CCH**

## LABOR LAW SERVICE

Loose Leaf • Always Up-to-Date

If you are being looked to for the answers to the thousand-and-one puzzling questions emerging under the intricate new "48-hour wartime workweek order," you will need essential facts quickly, fully, regularly. And there is an easy way to get them.

The CCH LABOR LAW SERVICE, in four handy loose leaf volumes, reports all pertinent facts and information on this and every other important angle of war-born regulation, restriction and control of labor, of this and every other important federal and state law on labor and allied topics, including: National War Labor Board provisions, National Labor Relations Act, Fair Labor Standards Act, war emergency wage stabilization, public contracts laws relating to labor, anti-injunction laws, state labor relations acts, state wage and hour laws, and related current developments.

Everything is arranged for quick reference or careful study in convenient loose leaf binders behind tabbed guides. Moreover, pertinent court decisions originally reported currently in loose leaf form are reissued in bound volumes as needed, and supplied without extra charge to subscribers.

*Write for complete details*

**COMMERCE CLEARING HOUSE, INC.**  
PUBLISHERS OF LOOSE LEAF LAW REPORTING SERVICES

NEW YORK  
EMPIRE STATE BLDG.

CHICAGO  
214 N. MICHIGAN AVE.

WASHINGTON  
MUNSEY BLDG.



## FOR OWNERS OF MULTILITH DUPLICATORS

**E**ASILY prepared — DUPLIMATS are as easily handled by typists as any sheet of ordinary paper. Nothing strange or mysterious to learn. Type on them, write on them with pen and ink, draw on them with crayon pencil, brush or ruling pen. Use drawings, maps, graphs, ruled tables, sketches, cartoons—almost anything you can put on paper. In case of error, erase and correct as you do on other paper.

Simple, quick, economical—and every copy is an actual facsimile of the master.

In addition to the use of these new DUPLIMATS, there are other ways to increase the services of your Multilith and Multigraph equipment. For more ideas, send for a trained Multigraph representative. Call or write nearest Agency, or write—

**MULTIGRAPH DIVISION  
ADDRESSOGRAPH-MULTIGRAPH CORPORATION  
CLEVELAND, OHIO**

Multigraph and Multilith are trade-marks registered in the United States Patent Office

cancellation and depending on the terms of the Loan agreement which are usually liberal, any cash on hand may be used as the management sees fit for speedy retooling and conversion, so that any such contractor would be ready in record time to go after the accumulated demand for goods which had been built up during the war.

From this comparative description of possible financing arrangements, it is evident that the thousands of prime contractors and subcontractors whose output is largely war materials and supplies, that are financing themselves in the traditional manner with normal banking arrangement, will be particularly handicapped by the cancellation of their war contracts on A-day, unless they are in healthy financial condition and are able to obtain additionally needed short-term bank credit. Prime contractors and subcontractors that are being financed by other lending institutions, and prime contractors that are being financed by partial or progress payments, will, at best, be only slightly less handicapped.

### Advantages to Borrower

The widespread lack of recognition of these distinct handicaps is due to the general lack of knowledge of the comparative advantages of the various methods of traditional and newly devised types of war financing, to age-old inertia against doing things in a different way, and to the advice of bankers and financiers who believe it more advisable to extend loans to strong contractors in the traditional pre-war manner. Where a contractor is a sound risk in every way, many bankers can see no need to depart from established lending policies. Against this banking viewpoint are the very distinct advantages to the borrower from his viewpoint.

The comparative handicaps in not utilizing Regulation V, as we have seen, is applicable at this time to the largest segment of prime-contractors and subcontractors, approximately 96.7 per cent in number, and somewhat over 70.5 per cent measured by the dollar amounts of outstanding commercial banking loans for war purposes on December 31, 1942. The absence of any arrangements in our war economy at this time for the creation of a shock-absorber in



## Would you trust this man?

(Case No. 199,267 from U. S. F. & G. files)

A southern real estate company trusted him. And why not? He was secretary of the concern . . . employed for over 15 years . . . enjoyed an irreproachable reputation . . . was married and had several children. Yet he embezzled nearly \$30,000! Fortunately he was bonded through U. S. F. & G., so his company was spared financial loss.

Appearance, reputation, background provide no absolute clue to character. The only sure protection against embezzlement losses lies in insurance, and when an insurance company is willing to write fidelity bonds covering your employees that is a tribute to their honesty and integrity. If your company has not reviewed its bonding program in the light of today's employment problems, we suggest that you do so at once.

Illustrated on this page are other cases, showing some of the hazards that demand insurance protection as a safeguard against financial loss. Your local U. S. F. & G. agent will be glad to make an audit of your present insurance program to help guard against wartime risks. He is one of thousands serving communities great and small throughout the United States, its possessions, and Canada. Consult him today.

# U.S.F.&G.

UNITED STATES FIDELITY & GUARANTY CO.

affiliate:

FIDELITY & GUARANTY FIRE CORPORATION

HOME OFFICES:



BALTIMORE, MD.

BRANCH OFFICES

IN 43 CITIES

*Consult your insurance agent or broker as you would your doctor or lawyer*

(Case No. 1-B-3524)

### Robber makes off with payroll

It was an unhappy payday for the employees of the dress manufacturing concern when the robber held up the bookkeeper and made off with the \$2,140.49 payroll. But thanks to payroll insurance, the concern suffered no loss and the employees received their pay. Crime usually increases during a war. Are you protected against such losses?

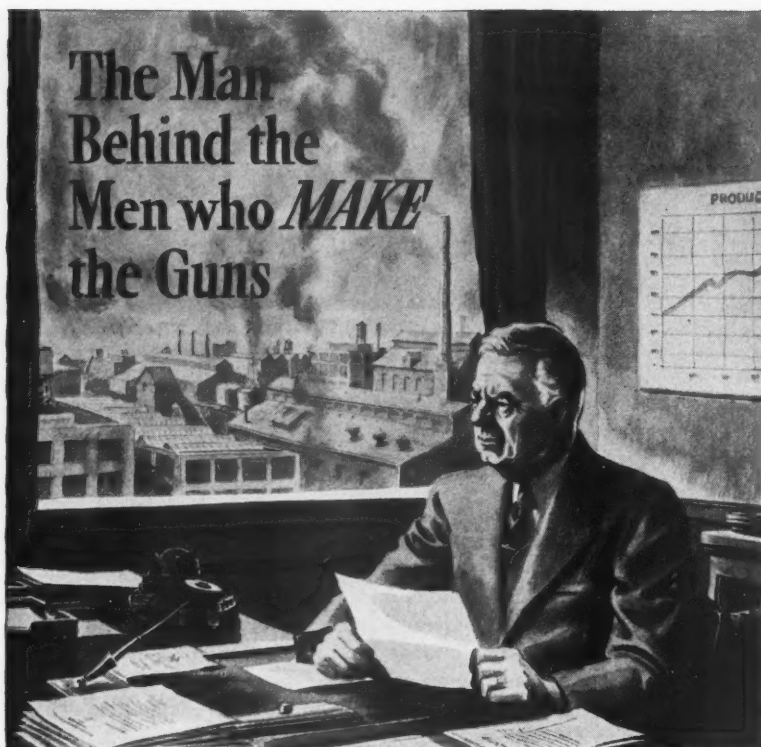


(Case No. 21-G-1326)

### Tire spins stone through window

One moment the proprietor of the Pennsylvania store was sitting peacefully in his shop . . . and the next, his display window was shattered to bits. The cause: a stone kicked up by a passing car. The cure: plate glass insurance with U.S.F.&G. who replaced the window and saved the shopkeeper loss. Are your windows, glass doors, or display cases similarly protected?





## The Man Behind the Men who *MAKE* the Guns

Executives don't get medals, though they are rendering distinguished services to their country.

Their battle is in the field of production, and the financial strategy that makes it possible. Their tactical problem is to marshal their companies' resources and make available, for greater production, every possible foot of plant capacity, and every dollar of capital.

They are the men behind the men who make the munitions and supplies for the fighting fronts . . . who carry on with essential civilian production.

If your company is in need of more working capital now, because of recent tax payments, heavy inventories, to finance current production or to qualify for new government contracts, let us show you how Commercial Credit financing can help you.

If your need involves financing a government contract, substantial advances can be made *without liability* to you.

Whatever the condition, whether you require thousands or millions, we believe it possible to engineer a plan that will solve your problem with profit to you, and without red tape or restrictions on your management.

## Commercial Credit Company Baltimore

Subsidiaries: New York Chicago San Francisco Los Angeles Portland, Ore.

CAPITAL AND SURPLUS MORE THAN \$65,000,000

Interesting color charts of ARMY, NAVY and MARINE insignia free on request.

this vast area will, if not remedied before A-day, slow conversion to peacetime operations, and in slowing conversion increase the bulge of unemployment, tend to stagnate industries selling to these manufacturers, decrease the net profits of business enterprises which is the base of Federal taxation, and handicap these enterprises individually in the competitive struggle for the immediate post-war market.

### V. THREE PROPOSED REMEDIES

There are three possible remedies to the situation outlined in this article.

The first remedy would be the creation of a widespread national publicity campaign to educate prime contractors and subcontractors, large and small, in every city, town, and hamlet in the United States to the extraordinary but reasonable financial and collateral economic advantages accruing to the borrower under Regulation V. Such a campaign would increase the number of the borrowers and the amounts borrowed under the guarantee of the War Department, the Navy Department, and the U. S. Maritime Commission.

In June, 1942, the American Bankers Association prepared an enlightening forty-page brochure explaining the new technique of financing provided by the Executive Order 9112 and by Regulation V.<sup>7</sup> A copy of the explanatory pamphlet was mailed to each of the 14,000 commercial banks and trust companies in the country. Since its publication another 14,000 copies have been distributed upon specific request of banking institutions. Some portion of this latter distribution has been given by bankers to their borrowing depositors that have been manufacturing war equipment and supplies.

No campaign has been carried on by any qualified organization to enlighten the manufacturer with the distinct advantages of obtaining credit under Regulation V, or the relative advantages in various types of financing arrangements. What he has learned has been largely learned by self-investigation, study, and education with counsel from those progressive bankers who have kept up with times. This field requires extensive cultivation, now.

<sup>7</sup> This pamphlet is in process of revision at this time.

# The Fact-Power of **KARDEX** RECORD CONTROLS PRODUCTION

*Tom Wouldn't this  
help our production?  
Follow thru! REF.*

## PRODUCTION CONTROL Balanced Flow of Materials

Production, like the Battle of Tunisia, and the South Pacific, can only be won when the right men and materials are brought together at the right place at the right time. Kardex Administrative Record Control Systems are expressly designed to assure a steady, balanced flow of materials into scheduled production channels. Procurement, inventory, materials, production, machine load and personnel, all are instantly, accurately pictured with Kardex.

### FACTS ARE PROVIDED

The moving Graph-a-Matic signal on the visible margin actually provides a graphic chart of up-to-the-minute developments in your business—spots the need for action—provides the "Fact-Power" for fast, accurate decisions.

### EXECUTIVE TIME SAVED

The visible margin signals furnish the harassed executive with a fast moving summary of daily operations. No need to dig through antiquated records while work piles up. Executive effort, so valuable today, must be freed for jam smashing administrative action!

### CLERICAL LABOR LESSENE

Kardex saves clerical time too. Reference and posting time is reduced over 50%. Easy to post, easy to refer

to, a Kardex System can be operated by the most inexperienced clerk.

### WRITE FOR YOUR COPY TODAY

The March New England issue of "Systems" magazine is chock-full of detailed descriptions of Kardex record controls now in use in that section of the country. You may run across a few ideas to help your company. We'll send it free, with no obligation.

*Let's  
get this*

### AVAILABLE WITHOUT PRIORITY...

Kardex cabinets are now durably constructed of non-critical materials. You may enjoy its advantages now... without priority rating.



*Good point!*



FACT-POWER... exclusive with Kardex, means vital facts are signalled for instant selection, assuring prompt and accurate administrative action.

## REMINGTON RAND



## It Pays To "SUB-CONTRACT" Chemical Research, Too!

Many companies are delegating to **Edwal** the responsibility for important research right now, instead of waiting until their own laboratories can find time to work on new products or improvements for post-war business.

The Edwal organization of chemists and chemical engineers has had long experience in many fields. They can help you with your research problems. The interesting brochure 21R, "How The Independent Chemist Can Help You," explains their qualifications in detail. Write for a copy now!

**The EDWAL  
Laboratories, Inc.**  
732 FEDERAL ST. CHICAGO, ILL.  
OFFICIAL TESTING LABORATORY FOR  
The American Automobile Association  
The National Soybean Processors Association  
The Chicago Graphic Arts Association

SELL IT WITH  
**PHOTOS 8x10 5¢**  
(in lots of 1000; no order too small or large)  
Postcards.....2c | 16x20.....\$1.95  
SPECIAL: Any product photographed, plus 100  
genuine 8x10 photographs, \$9.50  
Write for free samples, price list D  
MAIL ORDERS EVERYWHERE  
**MOSS PHOTO SERVICE**  
155 West 46th St., New York City, BRyant 9-8482

## YOU TOO CAN INCREASE PRODUCTION

GET THE FACTS ON

## ACME VISIBLE PRODUCTION CONTROL SYSTEMS

Wire or write for your copy  
of illustrated catalog No. 417

**ACME VISIBLE RECORDS, INC.**  
122 So. Michigan Avenue  
Chicago, Illinois

## MORE FOR YOUR DOLLAR!

"ANYTHING containing IRON or STEEL"

Industrial: Mining:  
Construction: Railway:

Plants Machinery and Equipment  
Scrap-Iron Surplus Obsolete Stocks  
**BUYERS • SELLERS • TRADERS**  
**IRON & STEEL PRODUCTS, INC.**  
38 years' experience  
13446 S. Brainard Ave., Chicago (Hegewisch Sta.), Ill.

## L.L. BROWN Bond Paper

### ABSENTEE DOLLARS

Let us help you gather in the absentee dollars which have slipped over the due date, and put them back to work for you promptly.

Mercantile Claims Division  
**DUN & BRADSTREET, INC.**

The second remedy involves a speed-up approach to settlements. It would envisage the creation of divisions within the War Department, the Navy Department, and the U. S. Maritime Commission whose duties it would be to prepare and to develop accounting techniques, policies, and routines so that on armistice day, or as soon as possible thereafter, the accounts of prime contractors would be speedily audited.

Upon the completion of such an audit, a partial payment, in cash, of 80 per cent of the amount claimed by the contractor would be immediately paid. The remaining 20 per cent would be paid in variable monthly installments pending the final and complete settlement with the Federal Government in each individual case.

### A Marked Advance

No matter what plans might be completed to put this procedure into effect, time would pass during the interim auditing period during which many prime contractors would have frozen assets and need cash.

This program, if laid out sufficiently early and effectively handled would, however, be a marked advance over no arrangement. It would be somewhat comparable to the work of accounting firms. Where it might take a staff of ten auditors forty or forty-five days to make a detailed audit of a particular corporation, it is possible for four auditors in ten days to make "an examination of financial statements" which, in the case of many important corporations serves the current needs of finance and business.

The realism of this situation would certainly bring home to the typical business man who has had his reasonable share of negotiations with agencies of the Federal Government that, no matter how large and how trained the staff of accountants, some cases would still be awaiting consideration, one month later, two months later, three months later, and even six months later. Moreover, such a plan, could be of only indirect help to subcontractors. This program could be more effectively carried out if independent certified public accountants were sworn in as agents of the Federal Government and figures of concerns whose account they certified to were accepted at their face value

ALL OVER  
**TORO**  
POWER MOWERS  
THE WORLD  
**TORO MANUFACTURING CORP'N.**  
MINNEAPOLIS, MINN.  
MOWING MACHINERY SPECIALISTS FOR OVER 20 YEARS

# Engines or Eggs . . .



## Almost Any Inventory Is A-1 Loan Collateral

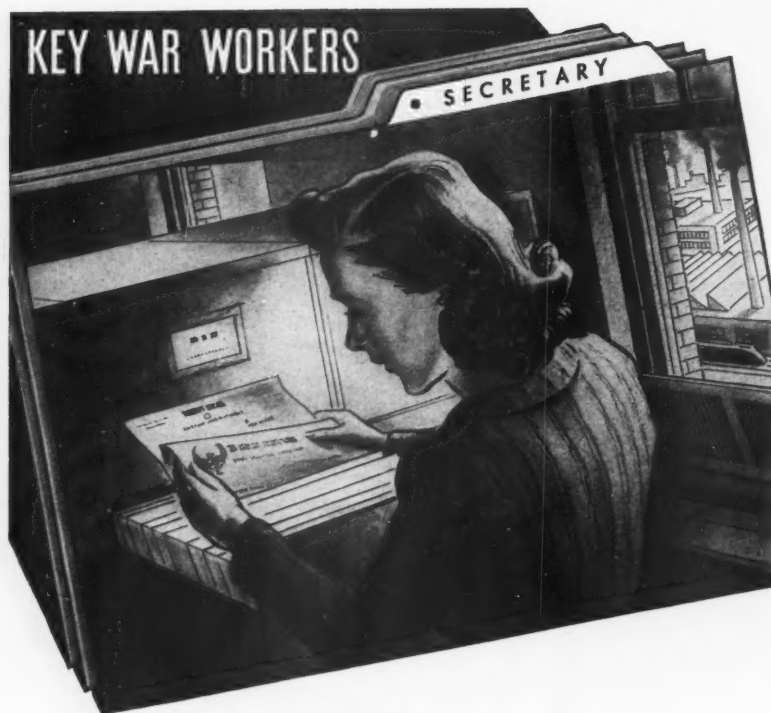
Do you need additional working capital for your business? No matter what your inventory, perishable or otherwise, don't assume without proper investigation that it cannot be used as a basis for bank loans. The purpose of Lawrence System is to make it possible for you—by using your raw material or finished products—to greatly surpass your open credit limits. And the goods stay right on your premises. Ask your bank to investigate the Lawrence System field warehousing for you—or write us today, yourself. Look below for your nearest Lawrence System office.

## LAWRENCE SYSTEM *field warehousing*

FOR BANK LOANS AGAINST INVENTORY



New York: 72 Wall St • Chicago: 1 No. LaSalle St • San Francisco: 37 Drumm St • Los Angeles: W.P. Story Bldg.  
Buffalo • Boston • Philadelphia • Kansas City • St. Louis • New Orleans • Charlotte, N.C • Jacksonville, Fla.  
Minneapolis • Dallas • Houston • Denver • Fresno • Portland, Oregon • Seattle • Spokane • Honolulu



The word secretary derives from *secret*, and is indicative of the prime requisite of her job, especially in a war industry. She must be worthy of the confidence placed in her, for many a carbon copy or set of specifications, or letter of instructions would be of value to the enemy.

## The Dun & Bradstreet War Production Employee Report

establishes the basis for confidence, not only in a secretary, but in all male and female clerical and technical personnel who have access to confidential data. The nation-wide investigating staff of Dun & Bradstreet checks into the occupational record, family background and loyalty of all classes of employees. Our investigators, on the spot, have access to vital neighborhood information, and can readily verify the quality and authenticity of personal and commercial references from the Agency files.

### DUN & BRADSTREET, INC.

*There is a Dun & Bradstreet office in every industrial area. The local manager will be pleased to give you detailed information about the new War Production Employee Reporting Service.*

for the initial 80 per cent payment on account.

The third remedy is somewhat broader and more fundamental; it would act as a corollary of Regulation V and would involve a realistic extension of the principles of Regulation V. This remedy envisages a supplemental Executive Order, or preferably Congressional legislation, which would give a prime contractor or a subcontractor not utilizing credit under Regulation V on armistice day the privilege, under proper safeguards to protect the Government's interest, to convert 80 or 90 per cent of any outstanding loan obtained from a banking institution to finance the production of war equipment and supplies, to substantially the same basis as Regulation V loans.

That is, the War Department, the Navy Department, and the U. S. Maritime Commission or preferably an independent corporation to be organized would guarantee the converted portion of loans from banking institutions under repurchase agreements and pay the interest in accordance with Section 6 of the guarantee agreement on that part of the loan representing the proportion of war contracts cancelled. The borrower would pay no interest in the event of the complete termination of his contracts, and in case of partial termination in excess of 25 per cent, only on that portion of his loan comparable to V loans. Maturity of the suspended part of the loan would be extended until ten days after full settlement of his war contract or contracts.

As under Regulation V, most loans under this plan would be on some secured basis. Commitments and loans for war purposes now being made by commercial banking institutions, the Federal Reserve Banks, the Reconstruction Finance Corporation, the Smaller War Plants Corporation, upon proper application of the borrower, would become guaranteed by either the War Department, the Navy Department, or the U. S. Maritime Commission or some independent corporation to be organized for that purpose. The proportion of each commitment and of each loan to be guaranteed would be a matter of negotiation between all interested parties, the Federal Reserve Bank, as under V loans, acting as the fiscal agent for the Federal Government.

World War II is a war of iron and

steel and aluminum and copper, a war of factories and of production, as well as the age-old war of human flesh, "blood, sweat and tears." In the waging of this war, the manufacturers in our country, our prime contractors and our subcontractors, have performed miracles which even starry-eyed social economists have come to recognize.

When this war is won, it will have been won in immeasurable part by these miracles of production.

Manufacturing enterprises under typically American aggressive ingenious management that will have played this great part in the current history of our country deserve every possible assistance in overcoming, in the immediate post-war period, the handicaps arising at the very dawn of A-day. No matter how frozen their receivables and their inventories created for the production of strategic war materials and supplies, plans for ample credit against these assets should immediately be made available to assist in meeting essential payrolls, in the retooling and conversion to peacetime operations, and in meeting the ever necessary income tax installments.

If some workable shock-absorber should ever be widely needed in our economic history, that time is now. To many prime contractors and subcontractors it will be absolutely essential to their existence, and to all contractors extremely helpful. They will deserve it. Their management will have earned it. Our country will need it.

## DUN'S REVIEW

290 BROADWAY NEW YORK, N. Y.

SUBSCRIPTION: \$4 a year; \$10 for three years; 35 cents a copy. Outside the United States, \$5 a year.

Willard L. Thorp, *Editor*; Norman C. Firth, *Managing Editor and Business Manager*.

ASSOCIATE EDITORS: Walter Mitchell, Jr., and A. M. Sullivan (*Contributing*); David H. Lawlor; J. A. D'Andrea (*Statistician*); V. F. Hochette (*In charge Business Conditions Staff*); L. Richon, L. S. Taylor, and M. Fisher (*Business Conditions Staff*); D. S. Davis (*Failures*); Clarence Switzer, (*Art Director*).

H. C. Daych, *Advertising Manager*; Russell B. Smith, *Western Advertising Manager*, 300 West Adams Street, Chicago, Randolph 8340; *Advertising Representatives*: Boston—Lawrence Mitchell, 80 Boylston Street, Hancock 5066; San Francisco—R. J. Birch & Co., 155 Sansome Street, Douglas 4393; Los Angeles—R. J. Birch & Co., 607 South Hill Street, Van Dyke 7386.

M A Y 1 9 4 3



## the MAGIC WAND of Modern Business

To do things differently—better, faster, at lower cost—a business must first of all have ideas. Many organizations seek this magic wand in idea-boxes—trusting to luck that solutions to their problems will find their way into them. But users of the Morton Method have found the best way to insure progress and build for the future.

For the Morton Method is not merely a system for *collecting* suggestions. The Morton Method is a means whereby ideas can be—and are—*created*, through proper stimulation of the entire working force in any business. The men and women who are close to the details can frequently see short-cuts that management may overlook. In the past 15 years, more than 9,000 different establishments have used the Morton Method, until today the money value of ideas thus made available totals far into the millions.

Other, intangible but highly important, results are obtained also by the Morton Method. Chief among these is improved morale.

You will want to know all about this tremendously useful way of solving present problems and producing material for future planning. Forward-looking executives can secure complete details, without obligation, by writing today.



MORTON MANUFACTURING CO. • SUGGESTION SYSTEM DIVISION  
328 NORTH LEAMINGTON AVENUE • CHICAGO, ILLINOIS

Please send full information about the Morton Method. It is understood this request places us under no obligation. We have about \_\_\_\_\_ employees.

Company Name \_\_\_\_\_

Address \_\_\_\_\_

Individual \_\_\_\_\_

Title \_\_\_\_\_



## Every Ambitious Business Man Should Read this Free Booklet!

"FORGING AHEAD IN BUSINESS" contains FACTS for all thoughtful, forward-looking men.

This 64-page booklet, of which more than 3,000,000 copies have been circulated, outlines a definite plan of training for your future progress in business.

Said one man who had sent for it:

"In thirty minutes this booklet gave me a clearer picture of my business future than I have ever had before."

Fill in the coupon below and this helpful manual will be sent to you by mail and without cost.

ALEXANDER HAMILTON INSTITUTE,  
Dept. 31, 73 West 23rd Street, New York, N. Y.  
In Canada, 54 Wellington St., West, Toronto, Ont.  
Please mail me a copy of the 64-page book—  
"FORGING AHEAD IN BUSINESS."

Name.....


Address.....

# MERCER

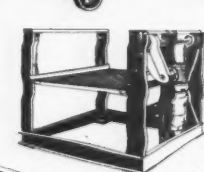
"THE NAME THAT CARRIES WEIGHT"

**WAR-PRODUCTION  
HANDLING EQUIPMENT**

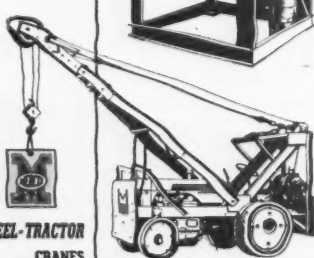
**LIVE SKIDS,  
BATTERY and  
TRAILER TRUCKS**



**CONVEYORS,  
ELEVATORS &  
GANTRY CRANES**



**WHEEL-TRACTOR  
CRANES**



These Mercer-engineered and Mercer-built units are but a few of the many types of material handling equipment designed and constructed by us to meet specific industrial problems. Our engineering facilities are at your service!

**MERCER ENGINEERING WORKS, INC.**  
30 CHURCH STREET, NEW YORK, N. Y.  
Works: CLIFTON (ALLWOOD), N. J.

# PUBLIC RELATIONS . . .



GENDREAU

*who makes them?*

As I was going out the door with a suitcase, my small daughter asked, "Where are you going, Daddy?" "To Washington." "What for?" "To see the Government." "What's his name?" —

We irresistibly think of organizations and institutions in terms of people—Churchill is England, Hitler is the enemy, Lewis is unionism rampant, Insull and Hopson are public utility holding companies. But the principle reaches far beyond the outstanding individuals. The "Government" is found in each Government employee whom the public contacts, and "Business" consists of any and all business men and women.

Whether one desires it or not, he is a representative, and what each does scores for or against the entire group to which he belongs. The responsibility for public relations cannot be shifted to so-called specialists. Leaders are important, but successful "public relations" by business or Government depends in the last analysis upon the performance and behavior of all members of the group.

*Willard L. Thorp*  
E D I T O R

